

complaint

Mr and Mrs C complain that Accord Mortgages Limited mis-sold them a mortgage.

background

Mr and Mrs C took out a mortgage with Accord. They say that Accord did not establish whether the mortgage was suitable for their needs or affordable for them. Our adjudicator did not recommend that this complaint should be upheld as she said that Accord did not provide advice to Mr and Mrs C and had properly assessed the affordability of the mortgage.

Mr and Mrs C through their adviser disagree saying in summary that as all their points had not been dealt with, they wanted an ombudsman to review the complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Mr and Mrs C through their adviser make a number of complaints against Accord which I summarise below:

- The mortgage was unsuitable for Mr and Mrs C.
- Accord did not assess Mr and Mrs C's income and as a result it engaged in irresponsible lending.
- Although the mortgage term extended into retirement, Accord did not assess the affordability of the mortgage over the full term.
- Although Mr and Mrs C were advised by a broker, Accord should not have been satisfied with the information provided to it.
- Accord should have checked the viability of the repayment vehicle.
- Accord failed to assist Mr and Mrs C when they had financial difficulties.
- Accord lent more money than the remortgage and as result another £58,000 loan was added which meant that the mortgage was unaffordable.

Accord Mortgages made a mortgage offer to Mr and Mrs C on 9 December 2007. That offer was for a loan of £337,500 on an interest only basis for 21 years. As it was interest only and therefore no capital repayments, the offer noted that the capital would eventually be repaid by the sale of the property. It also notes that a broker recommended that Mr and Mrs C take out this mortgage.

In response to this complaint Accord says that:

- The suitability of this mortgage for Mr and Mrs C was assessed not by them but by an independent broker who submitted the proposal to Accord.
- The broker submitted the proposal as a debt consolidation mortgage adding a further £58,900 to the remortgage amount. At the time Mr and Mrs C were paying £1,316 per month on their mortgage and £525 per month on their loan. Accord says that following the remortgage, Mr and Mrs C's paid £213.09 less per month following the remortgage.
- Accord says it validated Mr and Mrs C's declared income level by payslips and did an affordability assessment.
- Accord says that the risks associated with an interest only mortgage were a matter for the broker to advise on.

This mortgage was recommended by a broker. Accord did not hold itself out as giving advice

on the suitability of the mortgage and I do not consider that I can reasonably uphold any complaint against Accord about Mr and Mrs C receiving poor advice. I have, however, considered those matters where advice was not given.

Accord had a responsibility to consider whether Mr and Mrs C's could afford the mortgage. It does seem that a proper assessment was done and Accord obtained the appropriate wage slips and got all relevant information. I appreciate that Mr and Mrs C also complain about the additional burden of the debt consolidation but that was a result of advice from the broker. The decision to lend was, in my view, not unreasonable given the amount of borrowing and the stated incomes of Mr and Mrs C. Furthermore, Mr and Mrs C paid the mortgage, which included the additional borrowing, from June 2007 until July 2012 when sadly redundancy changed the situation for them. But I am not persuaded that at the time of the mortgage offer that it was unaffordable. I do see that if the mortgage had continued that it would have carried on into Mr and Mrs C's then retirement age and there might have been an issue about the affordability of the mortgage then but as it won't reach that point, I do not need to consider it.

This was an interest only mortgage and the capital was to be paid though the sale of the property and Mr and Mrs C downsizing. At the time when the mortgage offer was made, this would have been an acceptable repayment vehicle for Accord to consider. It would also have been a realistic prospect given the Loan to Value of the property and its size.

Mr and Mrs C also complain about how they were treated when they were in financial difficulties. I am of the view that Accord did enter into a meaningful dialogue with Mr and Mrs C about their options including giving consideration to a shortfall sale. Mr and Mrs C refer to Accord not agreeing a payment break in early 2012. The object of a payment break is to give a breathing space before payments resume. As Mr and Mrs C made no payments after May 2012, I am unable to see how this temporary break would have provided assistance to Mr and Mrs C.

As a result of the above I cannot fairly uphold this complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs C to accept or reject my decision before 10 August 2015.

Gerard McManus
ombudsman