

complaint

This complaint is about a mortgage arranged for Mr and Mrs H by an adviser connected with Legal & General Partnership Services Limited ("L&G").

Mr and Mrs H feel they weren't given good advice when they remortgaged and they've lost out financially as a result. To resolve this complaint, Mr and Mrs H want compensation.

Mr and Mrs H are represented by a third party I'll call 'R'.

background

When Mr and Mrs H re-mortgaged, on the advice of L&G's adviser they took out a new mortgage that allowed them to borrow enough to pay off other debts they had at the time, including a loan.

Mr and Mrs H became concerned later on about two aspects of their new mortgage in particular and complained to L&G. They were worried about the suitability of the adviser's recommendation to consolidate a low interest loan. And Mr and Mrs H believed that they didn't get the full benefit of an incentive deal offered by the lender when they remortgaged.

L&G upheld the complaint in part. Overall it was satisfied it had recommended a suitable mortgage - but it agreed Mr and Mrs H unnecessarily incurred legal costs when they opted for a cash back incentive. L&G felt that if the costs had been explained to Mr and Mrs H they would've chosen the free legal option open to them instead. So it offered to refund the difference - plus the mortgage interest incurred because the fees were paid from the proceeds of their new mortgage.

Mr and Mrs H were unhappy with this response and asked this service to look into their complaint.

Our adjudicator didn't recommend upholding the complaint on the basis that L&G's offer was fair and reasonable.

On behalf of Mr and Mrs H, R disagrees. It says:

- the only point of complaint is the suitability of consolidating the low interest car loan
- as this was an advised sale, Mr and Mrs H should've been given bespoke advice
- they could've afforded it alongside the new mortgage and still achieved their objectives
- it doesn't believe consolidating a loan for a depreciating asset is advisable in most circumstances

So the complaint has been referred to me to decide how it should be settled.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm not asked to comment on L&G's offer to pay the refund it's offered to make to Mr and Mrs H. I'd just like to endorse what our adjudicator says about L&G keeping its offer open if Mr and Mrs H haven't yet accepted this – at least until they've decided whether to

accept or reject my decision. And I'm going to concentrate in my decision on the loan that R says was unsuitably consolidated.

I've carefully taken into account everything R has said in response to the adjudicator's assessment. But, like the adjudicator, I don't think I can fairly and reasonably uphold this complaint. Based on the information I've seen, I don't find that the mortgage L&G recommended was unsuitable for Mr and Mrs H. And I'm satisfied Mr and Mrs H had enough information to be able to make a properly informed decision about which debt to consolidate.

I say this because the mortgage paperwork they signed shows they wanted to take advantage of lower mortgage interest rates and land they'd inherited to pay off their debts.

I can see that Mr and Mrs H discussed debt consolidation with L&G and the costs and benefits of doing this were clearly set out for them. I've no reason to think Mr and Mrs H didn't make an informed choice when they decided to consolidate this debt. And I can see why it might've suited them to do this in their particular circumstances. Mr and Mrs H achieved the objectives they had in mind when they remortgaged and they cleared their existing debt knowing that it'd be paid off by the time Mr H reached retirement age. And although consolidating the loan increased the cost of this borrowing, I agree with the adjudicator that this wasn't a significant extra amount bearing in mind the overall cost of Mr and Mrs H's financial planning and what they achieved.

I've noted that the loan Mr and Mrs H consolidated also appears to have been used to pay off some earlier debt as well as paying for a car. But this doesn't change my decision.

On balance, I don't find there's enough information to persuade me that L&G didn't take properly into account Mr and Mrs H's needs and circumstances or that it didn't give them suitable advice about debt consolidation. I consider that Mr and Mrs H would've had enough information to decide if they wanted to go ahead with the mortgage L&G recommended.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R on behalf of Mr and Mrs H to accept or reject my decision before 18 May 2016.

Susan Webb
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