

## **complaint**

Mr and Mrs V have complained that they were mis-sold a mortgage by Paratus AMC Limited in 2005.

## **background**

In 2005 Mr and Mrs V approached Paratus for assistance with a remortgage. Paratus recommended that they should take a mortgage with a sub-prime lender and Mr and Mrs V took out the recommended mortgage.

Mr and Mrs V say that the mortgage was unsuitable for the following reasons:

- They should not have been advised to take out a mortgage with a sub-prime lender as better mortgages were available with other lenders;
- They were advised to consolidate existing debt into their new mortgage and Paratus failed to warn them about the implications of doing this;
- They were not made fully aware of the fees etc that would be added to their mortgage; and
- The term of the mortgage extends beyond their expected retirement dates.

## **our initial conclusions**

Our adjudicator did not recommend that the complaint should be upheld. She considered that the advice provided by Paratus was accurate.

Mr and Mrs V did not agree with our adjudicator's conclusions.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

### sub-prime mortgage

Paratus had a regulatory obligation to recommend the mortgage that was most suitable for Mr and Mrs V from the range of mortgages that were available to it. It should not have made any recommendation if there were no suitable mortgages within the available range.

Mr and Mrs V already held a mortgage from a sub-prime lender before they consulted Paratus. An application was submitted by Paratus to another lender that was declined due to credit issues. I am not, therefore, satisfied that mortgages from other lenders would have been available to Mr and Mrs V or that the mortgage that was recommended for them was unsuitable.

### consolidation of existing debt

Paratus had a regulatory obligation to take account of whether it was appropriate for Mr and Mrs V to consolidate previously unsecured debt.

It was a requirement of the mortgage offer made to Mr and Mrs V that an existing debt should be repaid in full on completion of the advance. According to the mortgage application form that was signed by Mr and Mrs V, this debt was secured against their property. Consequently the requirement to consider whether it was appropriate to consolidate previously unsecured debt was inapplicable.

Even if the existing debt was unsecured, it seems to me that, by consolidating this debt with the mortgage, Mr and Mrs V actually reduced the total amount that they would have to pay. I am not, therefore, satisfied that the advice to Mr and Mrs V to consolidate their existing debt was inappropriate.

#### fees

The amount of fees that would be added to the mortgage and the broker fee payable to Paratus, are all clearly set out in the mortgage offer. It, therefore, seems to me that Mr and Mrs V were made aware of these fees.

#### term extending into retirement

At the time that they applied for the mortgage, Mr V was nearly 52 and Mrs V was nearly 51. They both stated that their anticipated retirement age was 65. They were recommended and took out a mortgage over a 13-year term which will expire before either of them reach the age of 65. I am not, therefore, satisfied that they were advised to take out a mortgage that would extend beyond their anticipated retirement.

#### **my final decision**

My final decision is that I do not uphold this complaint.

Charles Bacon  
**ombudsman**