

complaint

Mr and Mrs B, represented by a claims management company, complain that the advice they were given by Legal & General Partnership Services Limited (L&G) to consolidate unsecured debts into their new mortgage was unsuitable.

our initial conclusions

Our adjudicator recommended the complaint should be upheld. She was satisfied the advice to consolidate credit cards and a loan into the new mortgage was unsuitable. She thought Mr and Mrs B had sufficient disposable income to service those debts comfortably. L&G disagreed. In summary it says that the need to remortgage and the size of their family suggested Mr and Mrs B were spending all their disposable income, rather than using it to reduce their unsecured debts.

my final decision

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

Having done so, I agree with the adjudicator that the advice to roll up unsecured debt into the mortgage was unsuitable. There was no immediate need for Mr and Mrs B to spread the credit cards and loan over 23 years. I'm satisfied their income was sufficient for them to have continued to service those debts quite comfortably. Any short-term benefit is, in my view, greatly outweighed by the additional interest Mr and Mrs B will pay on those debts over the term of the mortgage. I've seen no evidence to suggest Mr and Mrs B were having problems managing their debts or that they were in financial difficulty.

In the circumstances, I'm satisfied that the advice to consolidate the credit cards and unsecured loan into the mortgage was unsuitable advice.

My decision is that this complaint should be upheld. In settlement I order Legal & General Partnership Services Limited to pay the redress set out overleaf.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B either to accept or reject my decision before 1 September 2015.

Jan O'Leary

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

In settlement of this complaint I require Legal & General Partnership Services Limited to calculate:

- the amount paid to date in capital and interest payments for the consolidated debt;
- how much remains on the mortgage balance for the consolidated debt;
- how much would have been paid to clear the debt if it had not been consolidated;
- add together the first and second figures, take away the third, and then pay the difference as a lump sum;
- refund that percentage of the broker fee/charges in respect of the consolidated debts plus 8% simple interest per annum if paid up front, or at the mortgage rate if added to the mortgage.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.