

## **complaint**

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

Mr and Mrs S feel they weren't properly advised about debt consolidation and they've been financially disadvantaged as a result. They're also unhappy they incurred an early repayment charge (ERC). To resolve this complaint, they'd like compensation.

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

## **background**

On the advice of L&G's adviser Mr and Mrs S took out a new mortgage that allowed them to borrow enough to pay off some debts they had at the time. But they had to pay an ERC – and they still had other debt that wasn't consolidated in their new mortgage.

R complained this wasn't a good deal for Mr and Mrs S overall. L&G didn't agree so R asked this service to look into Mr and Mrs S' complaint.

Our adjudicator said Mr and Mrs S had saved £3,130.97 by borrowing extra money to clear the two loans and the credit card that they consolidated when they remortgaged. She also worked out that Mr and Mrs S were suitably advised by L&G *not* to consolidate another loan as they'd saved on interest by following that recommendation. And she was satisfied that over the remaining ERC period, Mr and Mrs S saved £5,392 by saving more money on a monthly basis. As the ERC was much smaller than this, our adjudicator didn't think it was unreasonable to incur this cost.

But she recommended upholding this complaint on the basis that Mr and Mrs S would've been better off overall if they'd consolidated a store card debt that wasn't included in the consolidation. She felt this debt (which I'll call Card A) *should've* been consolidated to save Mr and Mrs S interest.

L&G doesn't share our adjudicator's view. It says Mr and Mrs S made it clear they didn't want to consolidate Card A. And they could've afforded to continue monthly repayments and clear the debt in around five years. It also disputed the basis on which our adjudicator worked out the cost to Mr and Mrs S of not consolidating Card A.

R says Mr and Mrs S are happy to settle on the basis our adjudicator has suggested. So the complaint has been passed to me for a final decision.

## **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 agree with the adjudicator for the same reasons. In particular, L&G should've made clear to Mr and Mrs S that they'd be worse off leaving Card A out of the consolidation. Mr and Mrs S lost out by paying more interest as a result. So I can't fairly say L&G's recommendation to do this was suitable.

And, although I can see there are different ways of looking at things, I find the adjudicator has correctly identified that Mr and Mrs S would've paid £1,622.92 towards Card A outside

the mortgage. If consolidated, they would've paid £254.09 less over the term of the mortgage. So they're worse off overall as a result of L&G's advice.

### **putting things right**

It's fair and reasonable to require L&G to put things right by refunding the difference in payments.

I think it's also fair and reasonable to say L&G's advice wasn't unsuitable as far as it went - it just didn't go far enough. But I'm not going to make any directions about the broker's fee as Mr and Mrs S haven't lost out on this. They would've had to pay this anyway if Card A had been consolidated (in fact the fee would've been higher).

Mr and Mrs S originally had some other complaints but those have been dealt with. So my decision just covers the complaint issues I've mentioned.

### **my decision**

I uphold this complaint and I order Legal & General Partnership Services Limited to pay Mr and Mrs S as follows:

- Work out the amount paid to date in capital and interest payments for Card A from the date of the remortgage;
- Work out how much would've been paid to clear Card A if it had been consolidated; and
- pay the difference to Mr and Mrs S as a lump sum – plus 8% simple interest per year.

Under the rules of the Financial Ombudsman Service, I'm required to ask R on behalf of Mr and Mrs S to accept or reject my decision before 14 July 2016.

Susan Webb  
**ombudsman**