

## **complaint**

Mr and Mrs D complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited ("L & G").

## **background**

Mrs D had an interest only, discounted rate mortgage. In 2005, on L & G's recommendation, she and Mr D remortgaged. In doing so, they put the mortgage into joint names. They switched to a part interest only, part repayment mortgage. They also consolidated some debt and raised some extra cash. Their representative now complains that this mortgage was unsuitable for them.

L & G didn't accept the mortgage was unsuitable. They had reduced the interest only portion of the mortgage from £90,000 to £60,000. Mr and Mrs D's priorities had been to consolidate debt and raise some money, and its recommendation achieved these aims. L & G said it had clearly explained the implications of refinancing debt and having a part interest only mortgage.

Our adjudicator agreed that the mortgage recommendation was suitable. Mr and Mrs D's representative didn't accept this and has asked for a review.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find I agree with the adjudicator's conclusions, for broadly the same reasons.

I have noted Mr and Mrs D's representative's concerns that L & G 'cold called' them. But I don't find this to be a central issue here. Mr and Mrs D agreed to take advice, and it is my role to consider the suitability of that advice.

I don't agree with Mr and Mrs D's representative that they should have been advised to stay with Mrs D's existing lender. Mr and Mrs D were making substantial changes to their mortgage arrangements. This included adding Mr D, which meant they'd need an entirely new mortgage agreement. There is no guarantee that Mrs D's existing lender would have agreed to this, or that it would have offered similar attractive terms to the new mortgage lender. And, even if it had accepted an application, it is likely they would still have had to pay broker, product, valuation, solicitors' fees and arrangement fees too. The new lender was the cheapest on the sourcing list. I'm not persuaded that the recommendation to change lenders was unsuitable.

Mr and Mrs D's representative has expressed concern that L & G didn't put down the interest rate Mrs D was paying on her existing mortgage. I don't find this makes the mortgage recommendation unsuitable overall. And I note the rate of discount off the lender's standard variable rate was noted. In addition to changing the basis of their mortgage, Mr and Mrs D wanted stability in their mortgage payments. I find the recommended fixed rate mortgage achieved this aim. Keeping a variable rate mortgage might have saved them money, given the falling Bank of England base rate in the five years to 2010. But I don't consider this was information L & G could or should have known about in 2005, when it gave the advice.

Mr and Mrs D's representative says that the recommendation to consolidate some of their credit card debts was correct. But it didn't make financial sense to consolidate two small

amounts of £500 and £200 respectively. I'm not persuaded by the distinction between the debt levels. I am satisfied from the evidence that one of Mr and Mrs D's objectives was to refinance debt. And they were making only the minimum payments on their various credit cards. They were able to make an informed choice to consolidate two rather than three personal loans, at lower interest rates. I don't consider the disadvantages of consolidating the debts outweighed the advantages. I consider the recommendation was suitable, and it met their objectives.

Mr and Mrs D's representative has expressed concerns about L & G's advice around the interest only borrowing. But I note that the interest only element was reduced from £90,000 to £60,000. The documentation says that Mr and Mrs D discussed with L & G their plans to repay the borrowing at the end of the term. This included using the proceeds of sale of an investment property. They now deny saying that they would do this, or that it would be suitable for them.

But I consider it significant that Mr and Mrs D said, in a handwritten letter before the 2005 remortgage, that L & G had advised them to consider a full repayment mortgage. Having considered the costs, they were willing to accept the risks of proceeding on a part interest only and part repayment basis. Their letter went on to say that it was their intention to sell the other property (the investment property) and use the proceeds to repay the interest only portion of the mortgage. They said they understood the implications of this. I consider it likely this included the possibility that there would be insufficient equity built up in the property (over the 15 year mortgage term).

So, having considered all the evidence, I don't consider L & G's recommendation was unsuitable. Mrs D already had an interest only mortgage and the level of interest only borrowing was reduced following L & G's recommendation. And I consider from the evidence that L & G made the risks of interest only borrowing sufficiently clear to Mr and Mrs D, who decided to proceed.

### **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 D to accept or reject my decision before 9 December 2014.

Amanda Maycock  
**ombudsman**