

complaint

Mr and Mrs P complain that an appointed representative of Legal & General Partnership Services Limited ("L&G") wrongly advised them to consolidate unsecured debt when taking out a mortgage. They want L&G to repay their loss, plus interest.

background

Mr and Mrs P took advice from L&G about their mortgage in 2005. Following that advice they re-mortgaged, consolidating two unsecured loans into the new mortgage loan.

In 2014, Mr and Mrs P's representative wrote to L&G to complain that the advice given to consolidate unsecured debt was inappropriate. L&G said that this complaint had been dealt with previously, and was outside of the six month time limit to refer to this service. Mr and Mrs P's representative did not agree, and an ombudsman subsequently found that the complaint was not time barred, and was one that this service could consider.

L&G did not agree that the advice to consolidate the unsecured debt was unsuitable. It said, in summary, that:

- Although Mr and Mrs P did have a disposable income of over £650 a month on paper, in reality they were overspending and living beyond their means. They had an overdraft of approximately £1,800 and were only £200 away from their limit. They had no savings and had already consolidated over £20,000 of unsecured debt in the previous 15 months;
- Mr and Mrs P wanted to raise money for home improvements, and the consolidation allowed them to achieve this aim while their monthly outgoings actually reduced by approximately £15 per month;
- One of the loans was secured on their property, and would most likely have had to be repaid before the new lender would have agreed a mortgage.

The adjudicator felt that the advice to consolidate the larger loan was suitable. But, initially, he did not agree that a smaller loan with a comparatively short term and approximately £75 per month payment should have been consolidated. In response, L&G said that Mr and Mrs P had not suffered loss because the consolidation of the smaller loan. The adjudicator was persuaded by this, and found that L&G had not acted unreasonably as Mr and Mrs P saved money by consolidating the smaller loan.

Mr and Mrs P's representative does not agree. It says that the information recorded in the fact find for the smaller loan was incorrect, which means that L&G's calculation is also incorrect.

my findings

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

I agree with the adjudicator that the advice to consolidate the larger of the two loans was suitable. I am persuaded that consolidating this loan allowed Mr and Mrs P to meet their aim of paying for home improvements, while their monthly outgoings actually reduced slightly.

L&G has produced calculations to show that Mr and Mrs P did not suffer any financial loss by consolidating the smaller loan. I note that Mr and Mrs P's representative says that the

information on which these calculations are based is incorrect. But the figures are taken from the fact find document, and so I find it likely that these figures were given to L&G by Mr and Mrs P during the fact find process. And, as I have not seen anything to persuade me that L&G should have known at the time that the information was incorrect, I find it reasonable that L&G should have based its advice on this information. L&G has demonstrated that, on the basis of the information set out in the fact find, Mr and Mrs P have not suffered any financial loss by consolidating the smaller loan. So I am not persuaded that the advice given was unsuitable. And I do not require L&G to do anything further.

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 P to accept or reject my decision before 9 July 2015.

Alison Cribbs
ombudsman