

## **complaint**

Mr and Mrs S, represented by their solicitor, complain that they were mis-sold a mortgage by an appointed representative of Financial Services Advice and Support Limited (FSAS).

## **background**

Mr and Mrs S had a mortgage. In 2006, they had also had some financial problems and were in a debt management plan. Outside the plan, they had further credit card debt. On advice from FSAS they re-mortgaged, consolidating the debt into the loan balance.

Mr and Mrs S's solicitor complains that the mortgage advice was unsuitable. It says that they should have stayed in the debt management plan and added the credit cards to it. It says that consolidating the debt made it more expensive and, by securing it to the property, more risky. The solicitor says Mr and Mrs S weren't given proper advice about that.

FSAS says that Mr and Mrs S actively wanted to consolidate their debt to reduce their outgoings, bring their finances under control and make a fresh start. It says that the mortgage achieved these objectives. It saved them money each month, and – given the term of the mortgage and the nature of the debt – wasn't more expensive overall. It says that they were clearly and properly advised.

Our adjudicator didn't recommend upholding the complaint, and so it comes to me for a decision to be made.

## **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 have come to much the same conclusions as the adjudicator, and for similar reasons.

Mr and Mrs S were clearly in financial difficulties. They had a debt management plan which was – according to what they told the adviser at the time – costing them a lot in fees. They had extra credit card debt as well. Their unsecured debt repayments were bigger than their mortgage repayments and left them with little disposable income each month.

Mr and Mrs S now say that they were cold called by the adviser and sold the idea of debt consolidation. But FSAS says that Mr and Mrs S were actively considering it and made enquiries about it. Whatever the source of the contact between them and the adviser, I accept that Mr and Mrs S were looking into consolidating their debt. The fact find from the time records as much, and I accept it as being an accurate reflection of what they wanted.

I think the debt consolidation was suitable for Mr and Mrs S. The debt management plan and the credit card debt would have taken quite some time to pay off – not much less than the ten year mortgage term. The payments that way were much more than the extra amount they paid each month by adding it to the mortgage. Consolidating the debt achieved significant short term savings, and I'm not persuaded it resulted in significant long term losses.

Although the existing mortgage was interest only, the adviser noted that Mr and Mrs S had an endowment to cover that. The extra borrowing for the debt was on repayment terms, so Mr and Mrs S continued to pay it off over the mortgage term.

Taking everything into consideration, I'm satisfied that the adviser did explain the nature and consequences of debt consolidation. I think that it was what Mr and Mrs S wanted to do at that time, and I think was suitable for their circumstances as they then were.

**my final decision**

For the reasons I have given, my final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs S to accept or reject my decision before 10 July 2015.

Simon Pugh  
**ombudsman**