

complaint

This complaint's about a mortgage Mr and Mrs J took out on the basis of advice given in 2006 by a mortgage broker. Mr and Mrs J, who have third party representation, complain that the advice to take an interest-only mortgage with no repayment vehicle was unsuitable. The broker complaint is one for whom Scottish Friendly Assurance Society Limited ("SFASL") is now responsible.

background

The adjudicator who looked into the complaint didn't think SFASL had done anything wrong. He said the interest-only arrangement was only ever intended to be short-term, until Mr J was professionally qualified and earning more money. He thought the recommendation made this clear.

Mr and Mrs J didn't Agree so their complaint's been passed to me to review.

my findings

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 must disappoint Mr and Mrs J again, because I don't think SFASL has done anything wrong either.

I've taken into account that the recommendation was made at a time when an interest-only mortgage with no repayment vehicle wasn't considered intrinsically unsuitable or a breach of regulatory duty. But in any event, the advice to take an interest-only mortgage was *qualified*. SFASL made it clear that the interest-only arrangement should only last for as long as it took Mr J to complete his professional training. At that point, it was anticipated he would be earning enough to pay either for a repayment vehicle or the higher monthly instalments of a capital repayment mortgage.

Mr and Mrs J's representative says SFASL should have considered the consequences of Mr J failing to qualify or not being able to find employment in his profession. A recommendation can only foresee so much, but of course that was always a possibility. But I make the point again about how interest-only mortgages without repayment vehicles were regarded at the time the recommendation was made. Overall, I don't find that, in this case, SFASL failed its regulatory duty to Mr and Mrs J.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 16 September 2016.

Jeff Parrington
ombudsman