

Complaint

Mr and Mrs C complained that The Prudential Assurance Company Limited (Prudential) sold them payment protection insurance (PPI) in February 1997 to go with a mortgage.

Background

Only Mr C was covered by the policy which provided cover for unemployment but not accident and sickness.

Mr and Mrs C they didn't know the PPI had been added to their mortgage. They also say the policy wasn't properly explained to them.

In my provisional decision dated 12 May 2020 I explained why was not intending to uphold this complaint and why I thought Mr and Mrs C had were most likely aware they'd bought the cover and that it was suitable for their circumstances. I set out an extract below:

"I've seen that Mr and Mrs C's personal circumstances and financial situation were discussed in some detail when they took out their mortgage. So I consider it likely that PPI would have been discussed at the same time. So, whilst I don't have the actual PPI sale paperwork from the time, it seems to me that Mr and Mrs C would have been aware that they could take out PPI cover to go with their mortgage and knew something about the policy benefits. On balance, I therefore think it was their own decision to buy the cover.

However, our adjudicator thought that because of a medical condition Mr C had taken time off work for several months in the year before he bought the policy, it meant the policy had been mis-sold. This was because our adjudicator considered there was a likelihood that Mr C could experience the same condition again and that he might end up losing his job as a consequence. If that was to happen, our adjudicator considered Mr C wouldn't be able to make a successful claim on the policy due to an exclusion clause that covers pre-existing medical conditions he'd been treated for in the 12 months prior to taking out the cover. So they thought this meant he wouldn't have gone on to buy the PPI if this had been made clearer.

We do sometimes find that pre-existing medical issues that consumers cannot claim for and that this is because they weren't asked about them at the time they bought the policy or the sale paperwork didn't make the policy exclusions sufficiently clear to them. But in this case I disagree with our adjudicator. I will explain why.

I've looked very carefully at the personal circumstances surrounding Mr C's medical condition at the time it happened. Having done so, I think it was very much linked to a single event. Whilst I'm sorry to hear of what happened at this time, it looks like the medical condition was linked to it. So the occurrence of this condition at this time was very much a

one-off, if unfortunate, event that was unlikely to have a significant impact on Mr C's overall future ability to continue in work.

I've also considered the wider aspects of the cover. Mr C would have still been covered if he'd lost his job for reasons other than the medical condition he'd experienced shortly before he applied.

It follows that I don't consider the injury to be an issue on which I'd uphold this complaint."

My findings

I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken that into account in deciding this case.

I sent a copy of my provisional decision to both parties. Neither party has come back with any further comments or any other information which they wanted me to consider before making my final decision. In these circumstances I see no reason to depart from the findings I made in my provisional decision.

It follows that I don't think Mr and Mrs C have lost out and so I will not be requiring Prudential to take any action to compensate them.

My final decision

For the reason set out above and explained in my provisional decision attached I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 16 July 2020.

Michael Goldberg
Ombudsman