

The complaint

The three Mr Ds and Mrs D say Santander UK Plc mis-sold them a mortgage payment protection insurance ("PPI") policy.

What happened

This complaint is about a PPI policy taken out in 2002. It covered just one of the Mr Ds, whom I shall call "Mr D1".

Our adjudicator recommended the complaint be upheld. Santander disagreed with the adjudicator's opinion, so the complaint has been passed to me.

What I've decided – and why

I've 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 this into account in deciding this case.

I've decided to uphold this complaint. This is because the policy says it will not pay out if your claim is due to unemployment after the end of a temporary contract. When the policy started, Mr D1 had a trainee position with a fixed term contract. At that stage there was a reasonable likelihood he would need to claim if his contract was not renewed – but he wouldn't have been covered.

Santander advised the Mr Ds and Mrs D to take the PPI, but I don't think it was a suitable recommendation. It is likely Santander didn't draw their attention to this limitation in the policy, and I think it unlikely they'd have taken the PPI if they'd been properly advised. I think they've lost out as a result.

Putting things right

Santander should put the three Mr Ds and Mrs D in the position they'd be in now if they hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Santander should:

- Pay the three Mr Ds and Mrs D the amount they paid each month for the PPI.
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year.[†]
- If the three Mr Ds and Mrs D made a successful claim under the PPI policy, Santander can take off what they got for the claim from the amount it owes them.

[†] HM Revenue & Customs requires Santander UK Plc to take off tax from this interest. Santander must give the three Mr Ds and Mrs D a certificate showing how much tax it's taken off if they ask for one.

My final decision

For the reasons set out above, I uphold this complaint.

I require Santander UK Plc to pay compensation in accordance with the calculation of redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D, Mrs D, Mr D and Mr D to accept or reject my decision before 20 April 2022.

Timothy Bailey
Ombudsman