

The complaint

Ms F has complained to us that Santander UK Plc ("Santander"), trading as Alliance & Leicester, mis-sold her a regular (monthly) premium payment protection insurance ("PPI") policy in October 2009. Ms F took out the PPI to go with a personal loan.

What happened

Ms F took out the loan over the internet and applied for the PPI as part of the application process.

Santander says the policy cost £26.54 per month. It was designed to meet the loan repayments in the event of a successful claim for unemployment, accident or sickness.

Our adjudicator upheld the complaint because they thought Santander hadn't done enough to point out the policy exclusions relating to existing medical conditions. Had it done so, our adjudicator didn't think Ms F would have taken out PPI.

Santander disagreed. It said that Ms F was given enough information to decide whether the policy was right for her.

I issued my provisional decision setting out why I intended to uphold this complaint on 1 February 2022. I set out an extract below:

"First, I should explain that I don't currently think that the pre-existing medical condition Ms F told us about is something that would have meant the policy was no or little use to her. I say this taking into account that Ms F was diagnosed with this condition as long ago as 1970. Since then the condition has been controlled with Ms F seeing a doctor every 6 months as part of a routine health check. She also says it hasn't led to her taking any time off work. So I think she still would have seen the policy as providing useful protection if she was unable to work, or lost her job. If Ms F wishes to send me further information or evidence about this by the required date, I will of course take that into account.

But currently I do consider that the complaint ought to be upheld due to Ms F not being given enough information about the cost of the policy.

The sale took place over the internet and Ms F made her way through the on-line process without speaking directly to Santander. So it wasn't an 'advised' sale but Santander still had a duty to give information to Ms F that was clear fair and not misleading so she could make an informed choice about whether or not to buy the policy.

The cost of the policy is a basic piece of information that Ms F needed to know and should have been clearly disclosed. And I don't think it was explained at the point when it was necessary so that Ms F could make an informed choice about whether or not she wanted the PPI. Ms F wasn't provided with the cost - she was simply asked if she wanted to take it out. On the basis that this was the decision point, I find it difficult to see how

Ms F would be able to make a fully informed decision about whether PPI would be right for her and provided value for money for her in her particular circumstances.

I've also kept in mind that even if details of the cost of the PPI would be sent to Ms F later, once the loan had been approved, by that time Ms F had already been asked to make a decision and commit to buying the policy.

So I currently don't think there's enough to show that Santander provided Ms F with the information she needed when she had to decide about taking the policy out. Also, given the not insignificant monthly cost of the policy for the benefit it provided, I can't fairly say that Ms F would have thought the policy provided value for money to her in her particular situation and would have been likely to have still taken it out had she been better informed.

I therefore currently intend to uphold this complaint."

Since then, Santander has said that it agrees with my provisional decision upholding Ms F's complaint for the reasons I set out, but has nevertheless requested that I provide a formal final decision. Ms F, who also received a copy of my provisional decision, has not responded with any further evidence or information that I need to take into account.

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.

Given that Santander agrees with my provisional findings and Ms F has nothing further to add, I won't be departing from my provisional findings. And as I've already set out my full reasons for upholding Ms F's complaint, I have nothing further to add.

What Santander should do to put things right

Santander should put Ms F in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already and Santander should:

- Pay Ms F the amount she paid each month for the PPI
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest 8% a year from †.
- If Ms F made a successful claim under the PPI policy, Santander can take off what she got for the claim from the amount it owes her.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Ms F a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons set out above, I uphold Ms F's complaint and Santander UK Plc to pay the above compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 24 March 2022.

Michael Goldberg

Ombudsman