

Complaint

Mr N is unhappy that Paymentsshield Ltd (“PS”) did not send him annual renewals reminding him he had PPI. Mr N is also unhappy with the lack of and quality of responses from PS.

Background

Mr N says he moved out of his mortgaged property sometime in 2016 to live at his parents’ home but, as he didn’t remember he had PPI, he did not cancel it. He has continued to pay the premiums on the policy.

Mr N says he contacted PS in early 2021 to ask for details of the PPI and remains unhappy with the length of time it took PS to respond to him. He also feels PS didn’t fully respond to his enquiry. He eventually raised a complaint about his concerns.

PS issued a final response in July 2022 explaining that, as he moved out of the property, and says he didn’t move into another mortgaged property until 2019, it was prepared to refund the premiums on receipt of certain documents evidencing his circumstances as set out on PS’s call with Mr N. From PS’s call notes, I can see it requested a copy of the tenancy agreement of the original property, and a copy of the address part of his bank statement showing he lived at his parents address, and documentary evidence that his parents owned the house he moved into. However, via an email of the 14 July 2022, PS only asked for a copy of his tenancy agreement and a mortgage redemption document.

The final response further explained that the PPI was transferrable and if he’d moved into another property with which he had a mortgage, the PPI would be transferred over to that property so he could instead keep the PPI in place to cover any secondary mortgage. But he would then not be entitled to any refunds if the policy is to be kept in place rather than cancelled.

PS also said that annual reviews were, in all likelihood, sent out regularly until 2016, when the document was returned undelivered – and a suppression was placed on the account. PS no longer retains records of any documents sent prior to 2020 but has said this is the only note on his record, indicating prior to 2016, annual reviews would have been sent.

Unhappy with its response, Mr N referred the matter to this service. Mr N says he never received documents prior to 2016, asserting the last he recalls receiving anything in relation to the PPI was around 2010 (but this was a vague recollection and he believes PS stopped sending documents even earlier than this date). He felt, if PS had sent regular documents, he would have cancelled the PPI when he informed his mortgage provider about the change in his circumstances. He added that he has spoken to his tenants and they said they had not returned any documents, and he had, in fact, regularly collected his mail from these tenants.

Our adjudicator looked into Mr N’s complaint. He felt that PS had explained why annual reviews were not sent from 2016 onwards and that a refund of the premiums offered by PS was a fair way to resolve the complaint. He didn’t agree that anything further was warranted.

Mr N remained unhappy saying if PS had sent him the reminders, then he would have cancelled the PPI, and not paid the premiums. As he had been deprived of the sums he'd continued to pay for an invalid policy, he felt PS should also pay him interest on the premiums he'd paid. He also remained unhappy with what he felt were poor communication practices on the part of PS.

As an agreement couldn't be reached, the case was passed to me.

In my provisional decision of 15 March 2023, I set out why I was minded to upholding the complaint. I invited both parties to provide any further submissions they may wish to make before I reached a final decision. PS didn't make any further comments. Mr N said he would abide by the provisional decisions but added that due to changes in technology, he still felt businesses could and should do more to keep consumers updated on what it is they are paying for.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In my provisional decision I explained the following:

While I've provisionally decided Mr N's complaint should be upheld, I think PS's offer of a refund of premiums, subject to receiving certain documentary evidence, is a fair way to resolve the complaint and I don't intend it to ask it to refund any interest on those premiums. However, I do think PS's communications could have been better, so I intend to recommend some compensation for Mr N to recognise the inconvenience he has suffered.

Cancellation and refund of premiums

When assessing a complaint of this nature, I must have regard to the obligations on financial businesses and consumers. After a policy has been sold, the onus is generally on consumers to review it to make sure it still meets their needs, to amend it if different (or more extensive cover) is required, or to cancel it if it is no longer required. There is no obligation on PS to review Mr N's circumstances and the PPI to ensure it continued to meet his needs.

I have gone on to look at the terms of Mr N's PPI policy and note the following.

"Your eligibility for cover or the monthly benefit paid during a period of claim under this policy may change if your personal circumstances change. If this happens or is likely to happen you should call the PaymentsShield Customer Helpline to discuss the changes. This would include for example:

- *You change your mortgage agreement with your existing lender or to another lender.*
- *You and your immediate family no longer reside at the mortgaged property."*

As noted above, generally it is the responsibility of consumers to check and decide if a PPI policy meets their needs and to cancel it if it doesn't. This is also in line with the policy terms Mr N agreed to when he took out the PPI and would have been sent when the policy was first set up (as this is generally standard practice on the sale of the policy). This means it was up to Mr N to contact PS and advise it of his updated circumstances and cancel the PPI. So to begin with, I would clarify, that it's not for PS to check in with consumers to ensure policies continue to meet their needs after a policy has been sold. Indeed it seems Mr N is aware that he should have cancelled the policy, but his complaint is that, if he had been

reminded of one being in place, with regular information from PS, then he would have done so.

We do expect businesses to send annual reminders to consumers and PS says this was done prior to 2016. Although it can't provide copies of the documents sent to him prior to 2020, its records indicate a suppression was only placed on his file after 2016 when post was returned.

Bearing in mind that this is usually an annual, automated process, I've got no reason to doubt that annual reviews were sent prior to 2016. While I appreciate PS can't provide copies of such documents, businesses are not expected to keep copies of documents indefinitely. And while I have thought carefully about Mr N's comments regarding the returned post, I don't see why PS would make a note that post had been returned in 2016 (the first year after the property was tenanted) and suppress further documents unless this had actually happened.

It is also the responsibility of consumers to update their correspondence address to ensure business are able to continue to contact them and send them the documents in a timely manner. It is not for PS to try to locate consumers after post is returned undeliverable.

I can see Mr N contacted PS in 2021 regarding this PPI and an annual review was sent to him in January 2022 – in line with PS's usual process. So I've got no reason to doubt that, as PS says, unless something had gone wrong (such as returned post in 2016), annual reviews were likely sent in line with its usual processes.

I would add that it remained Mr N's responsibility to review his policy and circumstances and cancel the PPI or at least contact PS to discuss his circumstances with it. I appreciate Mr N forgot he had the PPI – and can understand how that happened on a long-term product like PPI. I understand it was taken out a significant number of years ago – which is why renewals are sent. However, the obligation to review and cancel the policy does not shift to PS even if it did fail to send renewals and this would not entitle him to a refund. As explained above, I also don't think there's sufficient evidence here that PS failed to send renewals until 2016, when a suppression was placed on his account - and from what I can see this was done for valid reasons.

Overall, I haven't seen enough evidence that it was PS's failings that led to the policy remaining in place.

However, while I have found that the policy remaining in place wasn't mainly caused by failings on the part of PS, having looked at the policy, it does seem that the cover would likely end if Mr N moved out of the mortgaged property and didn't move into another property with which he held a mortgage.

The policy says:

“The cover provided by this policy and all monthly benefit payments may end immediately, if any of the following happen:

- *Your mortgage agreement is repaid early or ceases and is not replaced.*
- *When you and your immediate family no longer reside at the property for which your mortgage agreement is held.”*

The policy document further explains

“This policy has been designed to be transferable if you move your mortgage agreement to another lender, whether you move home or not. If you need to make a change to your cover please call the Paymentsshield Customer Helpline.

If your mortgage agreement is repaid and not replaced, the cover provided by this policy will end and you should call the helpline number to cancel the cover. Please also refer to the ‘When Does Your Policy End’ section of this policy.”

It does look like Mr N’s policy will only end if, when he moved out of his mortgaged home, he didn’t move into another property with which he held a mortgage. If he rented his property out but moved into another property with which he had a mortgage (therefore replaced the mortgage), then the PPI would be transferred to that mortgage. If he’d made a claim, PS would likely be under an obligation under the policy terms to provide cover – and would therefore remain on risk of paying claims.

I don’t think it’s fair for PS to retain the premiums Mr N paid if it was no longer on risk to pay any claims. However if PS remained on risk, and the policy was valid then I don’t think a refund of premiums is due.

I also think it’s fair for PS to ask Mr N to substantiate his claims that the original property with which he took out the PPI was rented out (which he seems to have already done), and that the property he moved into was not a property with which he held a mortgage. This is to ensure that PS was not at risk of paying claims related to any mortgages related to the second property before refunding the premiums.

Consequently, I think PS’s offer to refund the premiums paid on receipt of the evidence requested is a fair way to resolve the complaint. I can see Mr N has now sent a copy of his tenancy agreement and his mortgage redemption evidence to PS (which our adjudicator has also sent to PS). But PS has asked for further evidence to verify that Mr N did not hold a mortgage at the address he moved into after moving out of his own home (I understand Mr N says he moved in with his parents).

So, overall, I think PS’s offer to refund the premiums from when Mr N moved out of the property, on receipt of evidence of his circumstances, is a fair way to resolve the complaint. I’ve considered Mr N’s request for interest on the premiums. However, as explained above, I’m not satisfied that the policy remained in place due to errors on the part of PS. Interest is usually offered where consumers are deprived of money due to errors on the part of a business. So I do not think PS needs to pay interest on these amounts.

Communication

I’ve thought about Mr N’s unhappiness with PS’s responses from when Mr N first raised his concerns in 2021. I can see a copy of a letter sent by Mr N on 9 September 2021 requesting information about the PPI. Mr N says he’d contacted PS sooner and while I haven’t seen copies of those letters, this letter refers to earlier correspondence from April and July 2021. I also can see there has been further correspondence between Mr N and PS since then to obtain basic information about this policy and it has taken some time for Mr N to get everything that he needs to make a decision about the policy. I have no doubt that this would have caused Mr N some inconvenience.

I can also see that PS’s communications regarding the evidence required to enable him to cancel the policy and obtain a refund could have been set out more clearly. The final response did not set this out at all but simply referred to an earlier call – and the email only set out part of what was needed. PS is the expert on its policy so I think it ought to have made clear exactly what was needed so Mr N could have gathered this information in a

timely manner. I can understand his frustration that after providing what was needed, PS came back to request further evidence.

While I understand this evidence is likely needed by PS to satisfy itself that it was no longer on risk of paying any claims after Mr N moved out of the property, it should have been requested more promptly and clearly.

Overall, I think the correspondence sent by PS could have been more thorough which would have resulted in this issue being resolved much sooner. I'm also satisfied this caused Mr N avoidable frustration and inconvenience. So I think PS should pay Mr N £150 compensation for the inconvenience he has suffered in trying to resolve this matter. This should be paid irrespective of Mr N's decision to either cancel the policy and provide the evidence needed to obtain a refund or deciding to keep the PPI in place to cover any existing mortgage without a refund of the premiums.

I understand Mr N wishes PS to review its systems, practices, and processes to ensure consumers receive better communication going forward. I do appreciate his concerns but I'm afraid this service is not a regulator – and our powers are limited to deciding complaints from individual complainants and their experience and making orders to put matters right in that specific complaint. It is the job of the regulator, The Financial Conduct Authority, to review a business's overall systems and practices – but they may not respond to individual complainants.

Putting things right

- Overall, I think PS's offer of to refund the premiums paid since Mr N moved out of the property is fair. On receipt of the requested evidence, PS should refund the premiums.
- PS should also pay to Mr N £150 compensation for distress and inconvenience.

As explained by PS, Mr N can alternatively keep the PPI in place to cover his existing mortgage, but he would not be entitled to a refund. Mr N should let us know if he would prefer this option.

Further submissions

I appreciate Mr N's view that he feels businesses should do more to remind consumers of what products they have and what they're paying for. But as I've explained above, concerns about wider systems and practices are for the regulator to consider. Regarding Mr N's specific complaint, I've already agreed that PS's communication could have been better and have ordered compensation of £150 to be paid to recognise the inconvenience he has suffered.

Regarding the refund of his premiums, in the absence of any new points for me to consider, I find no reason to depart from my original findings as set out in my provisional decision. So my view regarding the refund of his premiums remains unchanged from that set out in my provisional decision for the same reasons.

Putting things right

- Overall, I think PS's offer of to refund the premiums paid since Mr N moved out of the property is fair. On receipt of the requested evidence, PS should refund the premiums.
- PS should also pay to Mr N £150 compensation for distress and inconvenience on acceptance of my final decision.

My final decision

For the reasons explained, I uphold this complaint. Paymentshield Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 27 April 2023.

Asma Begum
Ombudsman