

The complaint

Mr I has complained that Quilter Financial Services Ltd mis-sold him a mortgage payment protection insurance (PPI) policy that provided cover for unemployment.

Mr I has been represented by his wife in making this complaint. However, for ease, I will mostly just be referring to Mr I in this decision.

What happened

Mr I was sold the PPI during a meeting in 2010.

Our investigator didn't uphold the complaint. Mr I disagrees with the investigator's opinion and so the complaint has been passed to me for a decision.

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.

The policy was sold with Mr I's knowledge and consent. He's said that he wanted cover for unemployment as he thought it would help in the unfortunate event of him being made redundant, especially as he had a young family at the time of the sale.

He says his understanding of the policy was that it would pay out for 12 months, as long as you could prove you had been made redundant.

In late 2022 Mr I was made redundant and so made a claim on the policy. He says he was shocked to discover the amount of information the insurer was requesting in support of the claim, such as copies of bank statements and job search evidence. He was also unaware that the policy wouldn't pay out during any period when someone was receiving pay in lieu of notice (PILON). Mr I did receive PILON, and as he secured another job within the PILON period in February 2023, the claim was declined. He says he would never have bought the policy if he had been made aware that the policy contained these conditions.

From the evidence I've seen, this was an advised sale. This means that, in recommending the policy to Mr I, Quilter needed to ensure that it met his needs. And from what I know of his circumstances at the time, the policy was suitable for him.

He hasn't told us about any sick pay his employer might have provided. But the policy would have paid out in addition to any sick pay and potentially for longer than he would have received full pay for. Mr I says they had some savings at the time. But having the policy would have meant that they could have retained any savings or used them to cover other outgoings.

Overall, it seems to me that Mr I had a need for the policy and could have benefitted from it at what would have been a difficult time.

Quilter also had to provide Mr I with sufficient information for him to be able to make an informed choice about taking out the policy.

From the information I've seen, I'm satisfied that Mr I was given a broad description of the cover – that it would cover the mortgage repayments if he was made redundant.

It's possible that Quilter didn't provide as much information as it should have, particularly about the things that it didn't cover. But Mr I wasn't affected by any of those things. For example, he didn't have a pre-existing medical condition that would have been excluded under the policy.

I've thought about what Mr I has said about not being told about the evidential requirements needed in support of an unemployment claim and not knowing about the policy not paying out during any period of PILON.

Whether there has been any detriment to Mr I depends on whether, if Quilter had explained things more fully, he would have acted differently or whether he would have taken out the policy in any event.

I appreciate Mr I says he wouldn't have taken the policy out and I've taken account of the reasons he has given for that. But I've had to think very carefully about what I consider is most likely to have happened at the point of sale in 2010 if Mr I had been made aware of these conditions.

I accept that the information might have given Mr I pause for thought – because he'd have understood that making a claim wasn't as easy as he thought it might be.

However, as I've mentioned above, the policy wasn't fundamentally unsuitable for him, and he had an interest in taking out unemployment cover. I think most people would be content with the idea of an unemployment policy only paying out once someone has stopped receiving an income, such as after a period of PILON. And I think most people would expect to have to provide some evidence in support of a claim.

Mr I was lucky enough to get a new job quite quickly after being made redundant. But if that hadn't been the case, he would have been able to make a claim for up to 12 months, subject to providing the necessary information. And I think that sort of cover would have been of value to him.

Having considered all of the evidence and arguments in this case, I consider it more likely than not that Mr I would still have taken out the policy. The policy was suitable for him, was sufficiently close to what he likely thought he was getting and provided benefits to help him manage the consequences if he was made redundant. So, in the circumstances, I think it is more likely than not that he would have bought the policy in any event, even knowing about the conditions around making a claim. Therefore, he is no worse off as a result of anything Quilter may have done wrong, so there is nothing Quilter needs to do to put things right. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 29 May 2024.

Carole Clark
Ombudsman