

complaint

Mrs and Mr N complain that The Prudential Assurance Company Limited (“Prudential”) mis-sold them a mortgage payment protection insurance (“MPPI”) policy.

background

In 1999 Mrs and Mr N took out a MPPI policy having received advice from a representative of Prudential. Mrs and Mr N were covered jointly under the monthly paid policy for accident, sickness and unemployment.

Our adjudicator didn’t uphold their complaint. Mrs and Mr N didn’t agree. They said, in summary, they were told it was necessary to have MPPI and that not taking it would have a detrimental impact on their mortgage application because it was part of the mortgage package. They said the policy wasn’t suitable for them because their work benefits provided enough cover. And that they could’ve got a vastly cheaper policy if only Mr N had been covered.

Their case was then put on hold for a while whilst we considered the implications of a court case on our decisions. One of our adjudicator’s recently explained that this case didn’t make a difference to Mrs and Mr N’s complaint. Mrs and Mr N were given an opportunity to make any further representations before their case was sent to an ombudsman. They didn’t add anything.

Mrs and Mr N’s case has been passed to me for a final decision to be made.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. We’ve explained our approach to complaints about payment protection insurance on our website, and I’ve followed this approach in this case.

I’m not going to uphold this complaint. I’ll explain why.

Mrs and Mr N told us their adviser told them MPPI was necessary and led them to believe their mortgage application would be viewed more favourably if they took MPPI.

The sale took place well over 15 years ago. I can’t know what was discussed at that meeting. So, I have to decide what is *most likely* happened. Prudential has been able to provide a copy of the mortgage quotation prepared by their adviser and a letter sent to Mrs and Mr N confirming the recommendations that were made to them.

I’ve listened carefully to what Mrs and Mr N have said. I’ve also looked at the paperwork available from the time. It’s documented that Mrs and Mr N turned down other optional products recommended to them. And the mortgage quote lists the costs of MPPI separately from the mortgage repayments. So, I think it likely they would’ve understood this was an optional extra. Based on the limited information available, I haven’t seen enough to lead me to conclude that Mrs and Mr N were more likely than not pressurised into taking MPPI. I think it just as likely they were told it was optional and accepted the recommendation. So, I can’t fairly uphold their complaint on this basis.

Prudential advised Mrs and Mr N to take the MPPI, so it had to make sure the policy was suitable for them, as well as giving them enough information so they could decide whether to take it out.

I think this was a suitable policy for their needs. I say that because:

- Mrs and Mr N were eligible for the MPPI;
- there were some things the policy didn't cover. But I've not seen any evidence that Mrs and Mr N would've been affected by any of those things. So, as they could've benefitted from everything the policy offered I don't think having more information about those things would've changed their decision to buy the policy;
- I don't think the monthly cost of the policy (£16.62) was unaffordable for Mrs and Mr N. It would've paid out on top of their sick pay and had one of them lost their job. It would've allowed them to use their work benefits and their spouse's income to meet their other household expenses. Given the serious consequences of defaulting on mortgage repayments, I think the policy provided them with valuable protection to safeguard their home. I can't see that their other means made the policy unsuitable; and
- they said they could've got a cheaper policy if the cover had only been taken out in Mr N's name. But as they were both working, and therefore likely to be contributing to the mortgage, I can't see that it was inappropriate for joint cover to be recommended.

I think the information Prudential gave Mrs and Mr N could've been clearer. But for the reasons given above, I don't think this would've affected their decision to take out the policy. I say this because it was suitable, affordable and Mrs and Mr N more likely than not said they wanted it knowing it was optional. So, I can't see that they have lost out because of anything that Prudential may have done wrong. I therefore make no award.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr N to accept or reject my decision before 18 December 2017.

Kim Parsons
ombudsman