

## **complaint**

Mr and Mrs L complain that The Prudential Assurance Company Limited mis-sold payment protection insurance (PPI) to them.

## **background**

In 1999 Mr and Mrs L were sold monthly premium PPI to protect their repayments on a new mortgage. The PPI would have covered each of Mr and Mrs L for £200 of monthly benefit they were off work through sickness, accident or unemployment. Mr and Mrs L say that they had been advised by Prudential that insurance cover was a requirement of their mortgage. They said they hadn't been told it was optional.

Our adjudicator recommended that the complaint was not upheld. Mr and Mrs L disagreed so the complaint has been passed to me for review and a final decision.

## **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 set out our general approach to complaints about the sale of PPI on our website. And I've taken this into account in considering Mr and Mrs L's case.

Prudential has been able to supply copies of a very detailed financial review, and a "lifestyle choices" document completed when Mr and Mrs L met with Prudential's representative in 1999. Unfortunately both copies are of poor quality (from a microfiche) and Prudential wasn't able to supply better ones. They do show that there must have been very detailed discussion about Mr and Mrs L's financial situation and certainly some about their insurance needs. Part of another (clearer) document summarising the recommendation for the new mortgage says "I have discussed with you the merits of effecting a mortgage payment safeguard plan". A mortgage payment safeguard plan is the type of PPI Mr and Mrs L had.

Clearly I cannot be sure what was said to Mr and Mrs L back in 1999. But nor could I expect them to have a very clear recollection either so many years later. In cases like this, where the evidence is incomplete or contradictory, I have to make my decision on the balance of probabilities – that is, to decide what is most likely to have happened.

Mr and Mrs L probably were told that insurance cover was a requirement of their mortgage – but that could have been buildings insurance, which is a usual requirement. The fact that the "merits" of PPI were discussed suggests that it was explained that it was optional – but reasons were given as to why it might be a good idea to take it. On balance, without clearer evidence, I think it is more likely than not that Mr and Mrs L agreed to take the PPI knowing that it was optional.

From the evidence I have seen it looks as though Prudential recommended the PPI to Mr and Mrs L. So it needed to check if it was suitable for them. From what I know of their circumstances, I think that it was.

- Mr and Mrs L were eligible for the policy.
- Neither of them was affected by and of the main restrictions in the policy (such as those about existing medical conditions) which could have made it especially difficult for some people to make a successful claim.

- I think they could have found the PPI useful. They say they were both entitled to six to twelve months of sick pay (which often means only six months of full sick pay followed by half pay). They had both been in their jobs long enough to be entitled to some redundancy pay, but not a very large amount. And they had less than three months' worth of savings. Whereas after a 30 day waiting period, the PPI would have paid the benefit for up to 12 months per claim. And it would have paid out on top of any pay from work for sickness or compulsory redundancy.
- Mortgage PPI often is suitable for people like Mr and Mrs L with some benefits from work and some savings. A mortgage is a big commitment with substantial repayments to find each month, and the risk of losing your home if you can't keep up with them. So PPI can provide useful increased security

I don't know exactly what Prudential told Mr and Mrs L about the PPI or what other information it gave them in the meeting. So it's possible Prudential didn't give them enough information about the policy. But as I've explained I think Mr and Mrs L could have found the PPI useful. So I think that it's unlikely that clearer information would have put them off taking out the PPI. That's because I think it's likely they would have decided the PPI provided valuable cover at a reasonable cost.

When I don't think Mr and Mrs L lost out because of anything Prudential might have done wrong, it wouldn't be fair or reasonable for me to uphold the complaint or award any compensation.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 1 September 2018.

Hilary Bainbridge  
**ombudsman**