

complaint

This complaint is about regular premium mortgage payment protection insurance (MPPI). Mrs and Dr M say Cheltenham & Gloucester plc (C&G) mis-sold them this policy.

background

Mrs and Dr M took out a mortgage with C&G and they also bought an MPPI policy in 1995. This policy covered them in the event of being unable to work or losing their jobs.

Our adjudicator in this case said the complaint shouldn't be upheld but Mrs and Dr M disagreed and so the complaint has been passed to me for an ombudsman's 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 deciding this case.

Having done this, I've decided not to uphold the complaint.

Mrs and Dr M told us they felt pressured into taking this cover and that it was portrayed as something that was needed in order to get the mortgage. So the first thing I looked at was whether Mrs and Dr M were ever given an option.

These events took place some time ago and many of the documents can no longer be retrieved. Given the length of time, this isn't particularly unusual. So in assessing this case I've taken into account what the parties have told me. But I've also used what I know about how these types of policy were sold. Given the age of the case and its disputed nature, my decision is based on the balance of probabilities – i.e. what's *more likely* to have happened.

I can see in the lead up to them having this policy Mrs and Dr M were sent or given a number of documents. Collectively, I think these show the parties had discussed MPPI and that Mrs and Dr M weren't compelled to buy the cover. I note the policy was 'split' so that in the event of a successful claim, Mrs M would have received 35% of the monthly benefit, and Dr M would have received 65%. The usual reason for this is to offer greater protection for the higher earner and I think that Mrs and Dr M would have had to agree to this happening.

Also, C&G sent them a letter in September 1995, the tone of which suggests the cover is advisable but that Mrs and Dr M need to agree to it for it to be set up.

Finally, from what I know of C&G sales from this time – and from what is written in the letters sent to Mrs and Dr M about the MPPI – I think they'd have had to fill out a separate application form to get the policy.

I think these things, taken together, show it's likely Mrs and Dr M engaged in the MPPI sale process. And although they've mentioned being pressured, I don't have anything that adds weight to this. On balance, I think what I've seen shows they had discussions with C&G about MPPI and most likely went on to give their agreement to buying the cover.

It's not disputed that the MPPI was recommended to Mrs and Dr M as part of an 'advised sale.' This means C&G had a duty to ensure this type of insurance was suitable for them. This can be difficult to judge after such a long time. And whether different people feel the need for this type of cover can vary because of their circumstances and their attitude to risk.

I think they were both eligible for the cover and I don't think that they would have been 'caught' by any of the major exclusions we tend to see in these types of policy. The cost of the cover seems comparable with similar policies I know were marketed at around that time and I've got nothing that indicates the monthly premium was unaffordable for them.

Mrs and Dr M said they had generous sickness protection through their jobs and had savings available, implying they didn't need the policy. I completely understand why they've told us this but these things don't necessarily mean they didn't have a use for the cover. Policies like this are there to remove the added pressure of meeting mortgage payments in financially difficult times and in the event of a successful claim, the policy could have paid a monthly benefit in addition to anything Mrs and Dr M already had through other means.

Ultimately, I can't say *why* Mrs and Dr M decided to take the cover. But this was a mortgage secured against their home. Given the consequences if they couldn't keep up the payments, I can see how they could have had a use for the protection. In their situation, I don't think the recommendation was unreasonable and I don't think the policy was unsuitable for them.

C&G also had to provide information that was clear, fair and not misleading. Overall, what it sent me suggests the disclosure of quite a lot of information to Mrs and Dr M. The *Schedule of Benefits*, they were sent clearly set out the costs of the MPPI, who was covered and what action to take if it didn't meet their requirements. C&G also said Mrs and Dr M were given a copy of the policy document and it sent us a copy.

Nevertheless, I accept that there's information missing in this case that I'd normally expect to see. However, this was over 20 years ago and what information I do have suggests Mrs and Dr M were suitably advised and that they were given enough information about the policy.

my final decision

For the reasons set out above, I don't uphold this complaint. And I don't direct Cheltenham & Gloucester plc to do anything to put matters right. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs and Dr M to accept or reject my decision before 11 April 2016.

Michael Campbell
ombudsman