

complaint

Mr and Mrs G have complained that The Prudential Assurance Company Limited (“Prudential”) mis-sold them mortgage payment protection insurance (“MPPI”) in 2000.

Although it was a joint mortgage, only Mr G was covered by the insurance.

background

Our adjudicator thought that this complaint should be upheld. Prudential did not agree with this view, so it falls to me to make a decision on the case.

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 have set out our general approach to complaints about the sale of payment protection insurance on our website and I have taken this into account in deciding Mr and Mrs G’s case.

The policy was sold to Mr and Mrs G during a meeting. Prudential has not been able to provide all of the paperwork from the time, and I cannot know how Prudential described the cover in the conversation with them. So I will be deciding this case based upon the available evidence and the balance of probabilities – what is *most likely* to have happened.

From the information I have seen I think that Prudential recommended the cover to Mr and Mrs G. This means that Prudential had to make sure that the policy it recommended was suitable for their situation. It also had to give them enough information about the policy so they could decide whether or not they wanted to buy it.

Mr G has told us that he had a pre-existing medical condition at the time that he was sold the policy. And our adjudicator thought that the complaint should be upheld because Prudential did not check whether that made the policy unsuitable for him.

From the information that I have seen, I agree that he would probably not have been able to make a claim for any matter relating to his condition.

Prudential has told us that its adviser would have asked Mr G questions about his health. It also says the adviser would have warned Mr G that he would not be able to claim for that issue. I appreciate that Prudential has confidence in its staff and sales processes. But I have not seen anything in the surviving paperwork to make me think that Mr G’s health was discussed with him. There is certainly no record made of that discussion on the recommendations summary dated 3 July 2000.

I appreciate that not all of the paperwork from the sale has survived, so it is possible that there was other paperwork that might have persuaded me otherwise. But based on the available evidence and Mr G’s testimony, I am not persuaded that Mr and Mrs G were able to make an informed choice on whether the policy met their needs.

I would also note that I have concerns about whether the cover was actually discussed with Mr and Mrs G, or whether they agreed to buy it. There is nothing about the paperwork that has survived that reassures me that they knew the policy was being sold to them.

But I do not make a finding on this point, as I consider the matter of Mr G's pre-existing medical condition reason enough to uphold this complaint.

Overall, I am not satisfied that Prudential took sufficient care to ensure that the policy was suitable for Mr G's situation, or that it gave him all the information he needed to make an informed decision about buying it.

It follows that I uphold this complaint and require Prudential to pay compensation to Mr and Mrs G.

what the business must do to put things right

I think it would be fair for Prudential to put Mr and Mrs G back in the position they would have been in had the MPPI not been sold to them. So Prudential should:

- cancel the insurance if it is still running
- pay back to Mr and Mrs G the amount they paid each month for the insurance
- add simple interest calculated at 8%[†] per year to each payment from when they paid it until they get it back

If Mr G made a successful claim under the policy Prudential can take off what he was paid for the claim from the amount it owes them. Prudential should also set out for Mr and Mrs G in a letter how it has calculated the compensation.

[†] HM Revenue & Customs requires Prudential to take tax from this interest. Prudential must give Mr and Mrs G a certificate showing how much tax it has taken off if they ask for one.

my final decision

For the reasons that I have explained, I uphold this complaint. I require The Prudential Assurance Company Limited to pay compensation to Mr and Mrs G as detailed above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs G to accept or reject my decision before 12 September 2016.

Roxy Boyce
ombudsman