

complaint

Ms W says Nationwide Building Society mis-sold her a payment protection insurance (PPI) policy.

background

This complaint is about a single premium PPI policy which Ms W took out at a meeting in a branch in 2001

In August 2015 I issued my provisional decision on this complaint. I explained that I thought Ms W's complaint shouldn't be upheld because, in my opinion, the policy *did* allow customers to requalify for unemployment cover after 6 months back in work. As the loan was over 5 years Ms W's circumstances could easily have changed during that period, and because of that she'd probably have thought the policy provided useful cover. I also thought Nationwide had clearly explained the cost of the loan in the loan agreement which Ms W had signed, and the policy gave her a proportionate refund when she repaid it early so it wasn't unfair in that way.

This was a different decision to the adjudicator's opinion so I invited both parties to comment and provide any additional information for me to consider. A copy of my provisional decision is attached and forms part of this final decision.

my findings

I have again 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 the sale of PPI on our website and I've taken this into account in deciding Ms W's case.

Neither Nationwide nor Ms W have provided any new evidence or points to consider. So I see no reason to change the findings I set out in my provisional decision.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to Ms W to accept or reject my decision before 9 November 2015.

Carolyn Tetlow
ombudsman

copy of my provisional decision

complaint

Ms W says Nationwide Building Society mis-sold her a payment protection insurance (PPI) policy.

background

This complaint is about a single premium PPI policy which Ms W took out at a meeting in a branch in 2001 when she borrowed £10,000. The loan was repayable over 5 years and the PPI was to cover Ms W's loan repayments in case she was unable to work because of accident, sickness or unemployment. It also included life cover. The PPI premium was £1,943 and interest was charged on both the loan and the PPI premium. The PPI premium plus the interest on it added 19% to the cost of the loan.

Ms W took out a second loan for a higher amount in 2005 jointly with someone else and used the 2005 loan to repay what was left on the 2001 loan. The 2005 loan wasn't covered by PPI.

Our adjudicator upheld Ms W's complaint. She thought the policy only gave a maximum of 12 months' cover for unemployment over the whole 5 years of the loan. And didn't think Nationwide explained this clearly enough and, if they had, Ms W wouldn't have thought the policy was good value.

Nationwide disagreed so the complaint has been passed to me.

my provisional 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 the sale of PPI on our website and I've taken this into account in deciding Ms W's case.

Nationwide haven't been able to give us a copy of the terms and conditions for this particular policy, so I've assessed this complaint using our knowledge of similar policies sold by Nationwide.

I've provisionally decided not to uphold Ms W's complaint.

Ms W says she remembers saying to the salesperson that "*We did not want any PPI on this account because we did not need it*". But Nationwide have shown us a copy of the loan agreement which Ms W signed. It was in her sole name and she signed it *before* the loan was agreed. It refers to the PPI as "*Optional credit insurance*". Because of this I think Nationwide *did* make it clear to Ms W what the policy would cost, and that it was optional, before she took out the loan. By signing the agreement she chose to take the PPI.

I don't think Nationwide advised Ms W to buy the PPI policy. But they still had a duty to give her enough information, in a clear enough way, so she could decide whether to take out the policy, and to draw its main features to her attention.

Ms W was in her early twenties, had been in the same job for about 3 years when she took out the loan and she didn't have any medical conditions. So I think she was eligible for the policy and wasn't affected by any of the main exclusions.

The loan agreement sets out what the PPI would cost, the interest that would be charged on the loan taken to pay for the PPI, the potential total cost and how much Ms W would have to pay each month. So I think Ms W probably knew how much the PPI cost and found it acceptable. Nationwide also tells us Ms W got a proportionate refund when the loan was paid off, so Ms W didn't lose out when she refinanced.

I disagree with what the adjudicator said about the benefits the PPI would pay out. Based on what we know about similar policies sold by Nationwide, I think although each *separate* claim for unemployment *was* limited to 12 months, the policy *did* allow customers to requalify for unemployment cover after more than 6 months back in work.

Ms W says she would've been entitled to between 6 and 12 months' sick pay from her employer if she was unable to work, and had a small amount of savings. But the loan was for 5 years and the PPI covered the whole period. She might've changed jobs during that time so her sickness benefits could've changed, or she might've lost her job or become ill. I can't be sure Nationwide explained the policy benefits to Ms W. But I think, in the circumstances she'd have thought it provided useful cover.

my provisional decision

I do not currently expect to uphold Ms W's complaint against Nationwide Building Society or ask it to pay her compensation.

However, both sides may send me anything further they want me to look at before I make a final decision. They must do this by 28 September 2015.

Carolyn Tetlow
ombudsman