

complaint

Miss B and Mr P complain that The Prudential Assurance Company Limited ('Prudential') mis-sold payment protection insurance ('PPI') to them alongside a mortgage.

background

Miss B and Mr P re-mortgaged their home with Prudential in 1999. At the same time they were sold a PPI policy which would've helped cover their mortgage repayments for up to 12 months at a time if either or both Miss B and Mr P couldn't work. The benefit was split between them equally.

Miss B and Mr P say that they were led to believe the policy was compulsory. They say they weren't given a choice.

The adjudicator thought that Miss B and Mr P's complaint shouldn't be upheld. Miss B and Mr P disagree, so their complaint has been passed to me to make a 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 PPI on our website and I've taken this into account when deciding this case. Having done so, I'm not upholding this complaint. I'll explain why I've reached this decision.

Miss B and Mr P have brought two complaints to us about PPI in connection with their mortgages. I should make it clear that I am only looking at the sale from 1999 in this decision. Their complaint in relation to a policy they say was sold to them in 1989 is being dealt with separately.

Miss B and Mr P agree they bought the PPI but say they were told they had to have the policy when they re-mortgaged with Prudential. They say that they were led to believe they had to have the policy to get the mortgage. I note that in relation to their 1989 complaint they say they were told that because they were first time buyers they had to take the PPI. But this wouldn't have been the case in 1999 because they'd had a mortgage for at least 10 years by then.

Miss B and Mr P haven't explained what reason they were given that they had to have the policy in 1999. And given the length of time that's passed and the resulting absence of records from the sale I can't safely say that the optional nature of the policy wasn't made clear to them.

Prudential would've advised Miss B and Mr P to buy the PPI so it had to take reasonable steps to make sure the policy was suitable for them. Looking at what Miss B and Mr P have told us about their circumstances at the time of sale I think that it was suitable for them. I say this because:

- Miss B and Mr P were both eligible for the policy and wouldn't have been affected by any of the terms which might've made it more difficult for them to make a successful claim, such as those relating to existing medical conditions or self-employment;

- Both Miss B and Mr P had good sick pay from their employers, but the policy would've paid out in addition to this and potentially for longer than their full sick pay would've lasted;
- Both Miss B and Mr P would've been entitled to redundancy pay if they were made unemployed. But the PPI would've paid out in addition to this, leaving any redundancy pay to cover other uninsured expenses;
- Miss B says that she would've had a large sum of savings – over 12 months' gross pay – at the time of sale. I haven't seen any evidence of this and it's not reflected in their financial review with Prudential. But even if Miss B had some savings the policy would've still paid out regardless of these, leaving the savings to be used for other household expenses;
- The policy was comparable in price to other policies offering similar benefits on the market around the same time. I haven't seen anything to suggest it was unaffordable for Miss B and Mr P. And it could've been cancelled at any time without financial penalty.

It's possible Miss B and Mr P didn't get all the information they needed when Prudential sold them the policy. But I don't think more, or better, information would've stopped them buying the policy. I think it would've just demonstrated the policy was suitable for them in the way I've already described.

So I don't think Miss B and Mr P lost out as a result of anything Prudential did wrong.

my final decision

I'm not upholding Miss B and Mr P's complaint, so it follows that The Prudential Assurance Company Limited don't have to pay any compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr P to accept or reject my decision before 29 November 2018.

Sally Allbeury
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