

complaint

Mr D says The Prudential Assurance Company Limited mis-sold him a payment protection insurance ("PPI") policy.

background

This complaint is about a mortgage PPI policy taken out in August 1998. The policy was sold in a meeting and it provided cover for Mr A against accident, sickness and unemployment.

Our adjudicator upheld the complaint but Prudential disagreed with the adjudicator's opinion.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken account of the law and good industry practice at the time the PPI policy was sold.

Where the evidence is incomplete (as some of it is here), I have based my decision on the balance of probabilities – in other words, on what I think is most likely to have happened in the light of the available evidence and the wider circumstances.

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 Mr D's case. The main questions I need to consider are:

- If Prudential gave any advice or recommendation, did it do enough to make sure the product it recommended was suitable?
- Did Prudential give Mr D information that was clear, fair and not misleading so he could make an informed choice about the insurance?

If there was a problem with the way the policy was sold then I need to think about whether Mr D is worse off as a result. That is, would he have done something different – such as not taking out the policy – if there hadn't been any problems with the sale?

I've decided to uphold Mr D's complaint because he had a pre-existing medical condition at the time of the sale. Given the conditions of the policy this significantly limited the circumstances in which he could claim.

I have considered the business' appeal: firstly, I apologise if our letter 30 January 2015 gave the impression that we thought all medical claims would be excluded. That was not the intention. We know that the exclusion related only to claims arising from Mr D's pre-existing condition.

However, Prudential's response does not change my conclusion about the sale. It said that Mr D would have been made aware of the exclusion during the sales process. I cannot know what was discussed at the meeting and there is unfortunately no point of sale documentation available. But I do know that Mr D might not have been able to claim on the policy when he needed it. As this would have mattered to him, I think that if the exclusions and limitations had been pointed out it is most likely he would have made a different decision.

I think Mr D has lost out as a result of Prudential's mistake in this case, because I don't think he would have taken out the policy if he'd been properly advised and informed.

fair compensation

Prudential should put Mr D in the position he'd be in now if he hadn't taken out PPI. The policy was cancelled in May 2007, and Prudential should:

- Pay Mr D the amount he paid each month for the PPI
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mr D made a successful claim under the PPI policy, Prudential can take off what he got for the claim from the amount it owes him.

† HM Revenue & Customs requires Prudential to take off tax from this interest. Prudential must give Mr D a certificate showing how much tax it's taken off if he asks for one.

my final decision

I uphold this complaint and The Prudential Assurance Company Limited must pay Mr D fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 14 May 2015.

Rebecca Connelley
ombudsman