

## **complaint**

Mr and Mrs A say Nationwide Building Society mis-sold them a mortgage payment protection insurance (MPPI) policy.

## **background**

I attach my provisional decision of 16 January 2015, which forms part of this final decision. In my provisional decision I set out why I didn't think I should uphold Mr and Mrs A's complaint. I asked Mr and Mrs A and Nationwide to provide any further new comments and any new evidence before I made my final decision.

Nationwide said they had nothing further to add. Mr and Mrs A's representatives made the following main points in response:

- Mr and Mrs A originally declined MPPI on their mortgage application in 2006 because Mrs A has sick pay of up to 12 months full pay.
- There's no documentation to show Mr and Mrs A signed to agree to MPPI. And there's nothing signed to show a system error occurred and that Mr and Mrs A did want the policy.
- On the documentation sent after the sale, the cost of the MPPI and Mr and Mrs A's mortgage repayment is quoted as one amount. So they may not have been aware MPPI was an optional separate product. And they should've been told the cost of the MPPI separately.
- The insurance schedule, sent after the sale, says that the policy is annually renewable. But in Mr and Mrs A's representative's experience these policies weren't annually renewable. And on the insurance schedule, the cover provided by the policy is detailed as disablement cover. They've said this description isn't very clear.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I set out in my provisional decision what I would need to think about to decide the case.

Having done so, I am still reaching the same outcome that I set out in my provisional decision. So I'm not upholding this complaint. But I would like to comment on some of the points raised in response to my provisional decision.

- I've thought about what Mr and Mrs A have said about Mrs A's sick pay. But as explained in my provisional decision, the policy was protecting repayments on their mortgage (including their further advance). It also could've paid out for potentially longer than Mrs A's sick pay (up to 24 months). Taking this into account, and looking at their overall circumstances, I think the MPPI could've been useful to them.
- Whilst there isn't anything signed to show Mr and Mrs A agreed to the policy or that the systems issue took place, I still think it's more likely they did agree to the policy when taking out their further advance. As explained in my provisional decision Mr and Mrs A have said they can't remember details of the sale. So there's limited information about

what was discussed during the sale. As they declined MPPI with their original mortgage I think they would've been aware they didn't have to have the policy. And as they were sent details about the policy after the sale, I think it's likely they would've queried this if they hadn't agreed to the policy. So I think it's more likely Nationwide gave Mr and Mrs A a fair choice and they agreed to take out the MPPI with their further advance. I've noted what's been said about the monthly cost being quoted as one amount (with their mortgage repayment). This was on a letter sent after the MPPI sale by Nationwide. But I still think Mr and Mrs A would've been aware the MPPI was optional as they'd previously declined it. (And I note on their insurance schedule, also sent after the sale, it does detail the monthly cost of the MPPI policy.)

- As there's not much information about what was discussed, I don't know if the cost was made clear to Mr and Mrs A when they agreed to take out the MPPI. But looking at the cost of the policy, the level of benefit provided and Mr and Mrs A's circumstances, I don't think this information would've made a difference to their decision to take out the policy.
- Whilst I can see the accident and sickness cover is described as disablement on the insurance schedule, I think it's unlikely this was the only information Mr and Mrs A were given about the policy. I can see on their further advance application the MPPI is described as accident, sickness and unemployment cover and I think it's likely MPPI would've been discussed during the sale. So I think Mr and Mrs A would've known that the policy provided accident, sickness and unemployment cover. And this policy was annually renewable.

### **my final decision**

For the reasons I've explained, I don't uphold this complaint and Nationwide Building Society doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs A to accept or reject my decision before 8 April 2016.

Claire White  
**ombudsman**

## **complaint**

Mr and Mrs A say Nationwide Building Society mis-sold them a mortgage payment protection insurance (MPPI) policy.

## **background**

Mr and Mrs A took out their initial mortgage in 2006. They then took out PPI with their subsequent further advance in 2008 and it covered both the further advance and initial mortgage repayments.

The policy was bought during a meeting. Both the initial mortgage and further advance were taken out in joint names, but the MPPI provided cover for Mrs A only.

Our adjudicator upheld the complaint. Nationwide disagreed with the adjudicator's opinion so the complaint has been passed to me.

## **my provisional findings**

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

I don't intend to uphold Mr and Mrs A's complaint because:

- Mr and Mrs A have told us that they cannot remember details of the sale. But they've also said that they chose to take out the policy because they felt pressured by the sales representative. Given Mr and Mrs A have limited recollections and have been inconsistent in their testimony; I can't say that Nationwide pressured Mr and Mrs A into taking out the policy.
- I can see from Mr and Mrs A's mortgage application in 2006 that they were given the option to take out or decline MPPI. At this time they declined MPPI. In 2008 when Mr and Mrs A took out their further advance they were again given the option to take out or decline MPPI. On Mr and Mrs A's 2008 MPPI application form, I can see that the option to decline MPPI was selected. Nationwide has said that this was due to a systems issue because Mr and Mrs A had chosen to cover both their mortgage and further advance repayments. Nationwide has also provided a copy of a letter sent after the sale, confirming the details of their MPPI policy. If Mr and Mrs A hadn't wanted their MPPI, as they've said, they could have challenged it at time. So I think Nationwide made Mr and Mrs A aware that the MPPI was optional and they chose to take it.
- Mr and Mrs A have said they were advised to take out the policy. Nationwide has said it didn't provide a recommendation. This sale took place during a meeting and I can't be sure what was said. But, even if Mr and Mrs A were advised to take out the policy, I think it was suitable for their needs. I've noted what Mrs A has told us about her sick pay and the savings they held. But Nationwide has provided details of debts they had in 2008 (and in 2006) so I think it's unlikely they had enough in savings to say they didn't need to protect their mortgage repayments. I also note that Mr A was not working at the time and was receiving incapacity benefit. After a 60 day deferred period, the policy would provide cover for up to 24 months per claim. This would've paid out for longer than Mrs A's sick pay and I think it would've been of benefit to them.
- I think Nationwide could've explained the cost of the policy better than it did. But even if it had, I think Mr and Mrs A would've still bought it.
- It's possible Nationwide didn't point out the main things the policy didn't cover. But it's unlikely Mrs A would've been affected by any of these.

I've taken into account Mr and Mrs A's comments, but these points don't change current position.

**my provisional decision**

For the reasons set out above, I currently don't intend to uphold Mr and Mrs A's complaint.

Claire White  
**ombudsman**