

complaint

Mr and Mrs M say that The Prudential Assurance Company Limited (Prudential) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs M took out a mortgage on their home in 1997. At the same time they bought a monthly premium PPI policy to cover their repayments if they'd been made unemployed. The benefit of the policy was split 50/50 between Mr and Mrs M.

Mr and Mrs M say that they thought taking out the PPI would help with getting the mortgage. They say it wasn't made clear the policy was optional and it was not fully explained to them. Prudential say that Mr and Mrs M wanted the PPI and that it was suitable for them.

The adjudicator didn't uphold Mr and Mrs M's complaint. Their representatives disagreed and so the case has come to me for a final 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 the sale of PPI on our website and I've taken this into account in deciding Mr and Mrs M's case.

I'm not upholding Mr and Mrs M's complaint and I'll explain why.

Prudential hasn't been able to give us all of the documents I would have liked to have seen from the time of the sale. As the sale was over 18 years ago that doesn't surprise me. But it has been able to provide *some* information including a Personal Financial Review which records some of the discussion that happened between Mr and Mrs M and Prudential before their mortgage and PPI were taken out. I've also seen a sample of the certificate of insurance and policy document that Prudential say Mr and Mrs M would've received after taking out the PPI.

Mr and Mrs M say they thought the PPI would help with getting the mortgage. After the adjudicators' view Mr and Mrs M's representatives said Mr and Mrs M only took it out because they were sure they had to in order to get the mortgage. I think it's likely Prudential advertised the benefits of the policy to Mr and Mrs M but of course that isn't the same as giving the impression it was compulsory or making it a condition of the mortgage.

The sale took place during a meeting and so I don't know exactly what would've been discussed or how the PPI was presented but the documents available go *some* way to shedding light on what was discussed. And I think PPI was discussed because I can see on the personal financial review that mortgage and loan protection requirements were talked about and recommendations made. I haven't seen anything to suggest the PPI was compulsory.

Based on the information that's available, I can't fairly conclude that Prudential told Mr and Mrs M they had to have PPI or that they didn't make it clear it was optional. I think it's more likely that Mr and Mrs M chose to take out PPI because it offered them a useful benefit.

Based on everything I've seen, I think Prudential advised Mr and Mrs M to buy PPI. Prudential therefore had to take reasonable steps to make sure that the policy was right for them. I've thought about the policy benefits, the cost of cover and the overall financial circumstances of Mr and Mrs M to the extent they can be known at the time. I think:

- Mr and Mrs M were eligible for the policy.
- Mr and Mrs M were employed at the time and wouldn't have been affected by the main exclusions or limitations in the policy, such as unusual employment arrangements.
- I think the PPI would've given Mr and Mrs M peace of mind about meeting the repayments of their mortgage which was an important financial commitment. Although Mr M had some sick pay benefits from his employer, Mrs M had none and as the cover was for unemployment only I don't think the PPI unnecessarily duplicated any existing benefits they had. I think having this extra unemployment cover could have been useful for them if they found themselves in the unfortunate position of either losing their job and would've paid out in addition to any employment benefits. I note Mr M says he had been with the same employer for a considerable length of time but this doesn't mean he wasn't at risk of becoming unemployed and since insurance is intended to cover future risks that are often unforeseeable I don't think this made the policy unsuitable.
- At the time the policy seems to have been affordable. It was competitively priced at £5.81 per month and could've paid out a monthly benefit of £180 if they'd both lost their jobs.
- The PPI was paid for by a regular premium so the policy could've been cancelled at any time without penalty.

So after weighing everything up I think the policy was suitable for Mr and Mrs M.

Prudential also had to give Mr and Mrs M enough information so that they could make an informed decision about buying the policy. As I wasn't present at the meeting and due to the limited information available I can't be sure they had all the information they should have. However even if there were problems with the information and advice that Prudential gave them, I don't think it would've made a difference to Mr and Mrs M's decision. I still think they would've bought the policy. I say this for all the reasons I've given above.

So, I've decided that Mr and Mrs M haven't lost out as a result of anything Prudential may have done wrong in relation to the sale of the PPI.

my final decision

For the reasons I've set out above, I'm not upholding Mr and Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 5 December 2016.

Rachael Kemp
ombudsman