Financial Ombudsman Service

complaint

Miss A complained about the sale of a regular premium mortgage payment protection insurance (MPPI) policy sold by Santander UK Plc.

background

I issued the attached provisional decision in December 2015, setting out why I thought the complaint shouldn't be upheld. And I asked both parties to provide any further submissions or information to me within one month.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Neither party has sent me any new information or arguments.

So there's no reason to change the findings I set out in my provisional decision.

my final decision

For the reasons set out in my provisional decision, I don't uphold Miss A's complaint or direct Santander UK Plc to pay any compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss A to accept or reject my decision before 8 February 2016.

Michael Campbell
ombudsman

copy – provisional decision

complaint

Miss A complains about the sale of a regular premium mortgage payment protection insurance (MPPI) policy sold by Santander UK Plc.

background

Miss A took out a mortgage in 2005 and around the same time she took out an MPPI policy to help protect her in the event of something unexpected happening, such as her losing her job or being unable to work.

Miss A has complained that she was mis-sold this MPPI policy because she thought it was required to get the mortgage. Our adjudicator in this case thought the complaint should be upheld because Miss A had a pre-existing medical condition when the policy was taken out and they thought this might make it difficult for her to make a claim.

Santander disagreed with this and it’s been passed to me to make an ombudsman’s decision.

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 complaints about PPI on our website and I’ve taken this into account when deciding this case.

Having done this, I’m intending to not uphold Miss A’s complaint.

There’s no dispute that the policy was recommended to Miss A. This means Santander was under a duty to ensure it was suitable for her. I looked at Miss A’s age, job, health and general circumstances of the time to help me decide this.

I think the mortgage Miss A was taking out would have been a significant financial commitment for her as it represented over four times her salary. The borrowing also extended out over 20 years and would have potentially meant her paying it off well into her retirement. She planned to use her pension to support this but I note she still had eight years left before this would be available.

I think the policy was affordable for her and comparable in cost to similar policies that I know were available at the time. If she’d successfully claimed, the policy could have paid her monthly mortgage costs.

I can see Miss A told us she had some generous sickness protection through her work and also some savings. But this doesn’t necessarily mean the policy wasn’t of use to her. Policies of this type are there to help in financially difficult times and if she had needed to claim it could have paid out in addition to any work-related benefits.

So I don’t think the policy was necessarily unsuitable for Miss A. I think she could have found it useful in her situation.

I went on to look at whether I thought Santander had given Miss A enough information about the policy. From what it told us and from copies of documents it said were given to Miss A, I think it’s likely there was a discussion between Miss A and the Santander adviser. I also think it’s likely she engaged in this discussion and was given information about the cover.

Miss A was given a *Mortgage Offer* dated 26 September 2005. There’s a section about insurance on this where it’s stated that the only insurance she *needs* to take out is buildings cover. Santander also sent us a copy of a form it used to record Miss A's financial needs and preferences of the time. It's recorded on this that she wanted to have protection in the event of accident, sickness or unemployment.

I think these things would have allowed Miss A to see that the policy was something that was optional and that she didn't need to buy it if she didn't want to.

Finally, I note that Miss A said she was suffering from a medical condition when the policy was sold to her and this is why our adjudicator thought she might have some difficulties in ever making a claim.

I've looked at this issue with great care. The policy did contain some restrictions on claiming for anything that was 'pre-existing' when the policy was bought. But Santander said no such conditions had come up during its detailed discussion with her.

Also, from the information I have, I don't think it's fair or reasonable to assume this particular condition - or the symptoms it was presenting at the time - was one that would have prevented a successful claim on the policy. The condition hadn't caused her to be absent from work and it appeared to be under control with regular and moderate medication.

I also think that because the policy covered other eventualities, such as unemployment, accident or other forms of illness, Miss A benefitted from being covered for all these things.

So in summary, I don't think there's enough evidence to say Miss A wouldn't have been able to make a successful claim because of this particular medical condition she had. Nor do I think that it would necessarily be the most likely reason she'd ever have to claim for. And I think she enjoyed a wider range of cover and protection as I've stated above.

These events took place some time ago and I think Miss A bought this policy after a discussion with Santander about her circumstances. I think the most likely scenario is that she bought the policy because she thought it was something she could have a use for. For these reasons I can't safely say it was mis-sold.

my provisional decision

I don't intend to uphold Miss A's complaint or direct Santander UK Plc to do anything to put matters right.

I now invite all parties to submit any further evidence or comments they wish me to consider by 4 January 2016 after which I will issue a final decision.