

complaint

Mr C says Mortgages Direct Limited mis-sold him a mortgage payment protection insurance (MPPI) policy. The policy provided Mr C with accident and sickness cover only.

background

This complaint is about a monthly premium MPPI policy taken out to cover a mortgage. Mr C applied for his mortgage in 2006 and added the MPPI policy in 2007.

Our adjudicator didn't uphold the complaint. Mr C disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 C's case.

I've decided not to uphold Mr C's complaint because:

I think Mortgages Direct Limited made Mr C aware that the MPPI was optional and that he chose to take it. I say this because I can see that Mr C initially declined the MPPI policy when arranging his mortgage. Then after having his mortgage application accepted he decided to take out the policy to cover his mortgage repayments in the event he became unable to work due to accident or sickness. Mr C was given the option of taking a policy that would have also covered him for unemployment, but decided he didn't need this and only wanted partial cover. So I think Mr C understood the policy was optional and that he didn't have to take it out to secure his mortgage.

Mortgages Direct Limited recommended the MPPI to Mr C, which means it had to check whether or not the policy was suitable for Mr C as well as giving him information about it. Mr C has said that he has recently been to a financial advisor and has been told that the MPPI policy was unsuitable for him because he had sick pay through his employers. He believes that his sick pay would have been sufficient to cover his mortgage repayments had he become unable to work. And he feels that at the time the mortgage was being arranged he was going through a difficult period in his personal life, which the person he dealt with was aware of and he doesn't remember discussing the MPPI policy. He has also said he doesn't know why he agreed to have it included after initially declining it.

I can't be sure what changed Mr C's mind when he agreed to take out the policy. But I don't agree that it was unsuitable for him. I have checked the terms and conditions of the policy and I can't see anything in Mr C's circumstances at the time that would have prevented him from making a claim had he needed to. And while I accept that Mr C did have some employee benefits available to him, the policy would have repaid his mortgage in full each month for a year if he had become unable to work. And I think this would have been useful and allowed Mr C to use his employee benefits to cover any other outgoings he may have had at the time. So having taken everything into consideration I don't think Mortgages Direct Limited gave Mr C incorrect advice when it recommended the policy to him.

With hindsight, Mr C might feel that the MPPI policy wasn't particularly beneficial to him as he was fortunate enough to never need to claim against it. But taking the evidence as a whole, I think it's more likely than not that he agreed to take the policy knowing he had a choice. And I think it's likely he discussed the policy with the advisor as it was tailored to just provide him with accident and sickness cover. And although Mr C already had some cover available to him through his employer, that doesn't mean that the account was mis-sold.

my final decision

For the reasons set out above, I don't uphold Mr C's complaint.

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

Karen Hanlon
ombudsman