

complaint

Mr and Mrs G complain that Cumberland Building Society ("Cumberland") mis-sold them a payment protection insurance ("MPPI") policy.

background

This complaint is about a monthly premium MPPI policy taken out with a mortgage in 2008. Our adjudicator upheld the complaint. She thought the policy recommended was unsuitable for Mr and Mrs G, because Mr G had a pre-existing medical condition. She felt that because of this Mr G wouldn't have been able to claim for something which he thought the policy would cover.

Cumberland disagreed with the adjudicator's opinion so the complaint was passed to me.

I issued a provisional decision on this case on 5 January 2016, in which I indicated that I intended to not uphold this complaint. Parts of that provisional decision I mention below and forms part of this final decision.

Mr and Mrs G disagree with my provisional decision and have raised further points for me to consider.

my findings

I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've explained our approach to complaints about payment protection insurance on our website, and I've used this approach in this case.

Mr and Mrs G raised new arguments and believe that there has been an assumption made by us that they did want PPI. Mr and Mrs G state they were hurried through the sale process and that although they signed all the forms to agree to the PPI, the society's conduct in getting them to complete the paperwork was questionable.

Mr and Mrs G also feel that we've assumed that as they would've been able to claim after 12 months for all illnesses (pre and non-existing), the policy would've been suitable and they still would've taken it out.

Although Mr and Mrs G state that they didn't want PPI and that the process was illogical or hurried when they applied for the mortgage in April 2008, I can see that they were later sent out a mortgage welcome letter in June 2008. This was away from the sales process in which Mr and Mrs G could reflect upon their choices in their own time. This letter shows the PPI was free for the first three months, giving them enough time to re-consider whether or not they still wanted to pay for this insurance once the free period was up. This together with the documents I've referred to in my provisional decision suggest to me that it was more likely than not, that Mr and Mrs G were aware the policy was optional and chose to take it.

I'm aware that Mr G had a pre-existing medical condition at the time. And as I've explained in my provisional decision the MPPI did have an exclusion for claiming for absence from work due to any such pre-existing conditions. However, this exclusion only operated for 12 months. After this Mr G's medical condition would've been covered.

I can't say now what was discussed. I wasn't at the sale and too many years have passed. But I've been asked to investigate and decide upon a mis-sale. To look at the evidence about the sale that happened all those years ago. In deciding this point I have to place myself in the position *at the time* based upon the evidence and arguments made.

I can't say for certain whether Cumberland explained this exclusion to Mr and Mrs G. So it follows there is a shortcoming in the sale. But, I then have to look at whether or not this has caused Mr and Mrs G any detriment. As explained in my provisional decision I don't think it has. My provisional decision explains this point after the 12 month exclusion expired:

"After this Mr G could've claimed upon the policy in full. The mortgage term was for 30 years. So for the remaining 29 years Mr G could've had use of the policy for this pre-existing condition, as well as unrelated conditions. I'm inclined to say that Mr and Mrs G would've found benefit in this. I'm told too that the policy was free for the first three months and I can see this is confirmed in Mr and Mrs G's mortgage welcome letter of June 2008. This meant that for only nine months would Mr and Mrs G be put to cost for the policy in terms of this exclusion. After this 12 month period Mr G would then be entitled to the full benefit of the policy which would include claims for his medical condition."

I think had this been explained properly to Mr and Mrs G they would've decided still to have purchased the policy. Their circumstances at the time suggest a need for the policy, so the recommendation was still suitable. I'm persuaded that the mortgage was a significant financial commitment and the policy would've proved useful to them. So even if there is information failing in this case, I think Mr and Mrs G wouldn't have done anything different had this been explained. So where Mr and Mrs G say I've made assumptions about what they would've done; I'm afraid I don't agree. I've decided this case on the materials and evidence before me and the circumstances of Mr and Mrs G at the time.

For the reasons above and those contained in my provisional decision I don't uphold this case.

I appreciate where Mr and Mrs G have gone to lengths to explain that Cumberland has in their mind made errors relating to the management of their mortgage account. And I don't doubt their honest recollections. However, I must decide this case on the evidence and materials before me that are relevant to the MPPI sale. I hope Mr and Mrs G understand this point.

I'm persuaded for the reasons above and those mentioned in my provisional decision that this policy wasn't mis-sold to Mr and Mrs G.

my final decision

I don't uphold Mr and Mrs G's complaint and make no award against Cumberland Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 11 April 2016.

Daniel Lucas
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