

## complaint

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

## background

This complaint is about a regular premium PPI policy taken out with a mortgage in 1999. Mr and Mrs S were sold the PPI during a meeting at their home. The policy was in joint names giving cover to both Mr and Mrs S.

Our adjudicator thought the complaint should be upheld. Prudential disagreed with the adjudicator's opinion so the complaint's 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 and Mrs S' case.

I've decided to uphold Mr and Mrs S' complaint because:

Prudential recommended the policy to Mr and Mrs S but I don't think it was right for them.

Initially Prudential told us the policy was sold in April 2000. But Mr and Mrs S showed us a letter from Prudential that shows the policy was sold in January 1999 when Mr and Mrs S applied for a mortgage with Prudential. The letter says that due to an administrative error the policy was not put in force until April 2000. But this doesn't change the fact that Mr and Mrs S received the advice and agreed to buy the policy in early 1999.

There is some contradictory evidence in the file regarding Mrs S' employment status. But Prudential has given us a copy of the mortgage application form dated January 1999. And I think the information in this document is most likely to be correct.

The application shows that Mrs S started her employment in December 1998 and was employed on a fixed-term contract. So when the Prudential representative advised Mr and Mrs S to buy the policy, Mrs S had been employed on a fixed-term contract for less than one year.

I've looked at the terms and conditions of the policy Mr and Mrs S were advised to buy. There is a section headed, "*What you are not insured for*". Within this section is a list of circumstances where the policyholder wouldn't be insured. The following wording is included in this section:

*"After the end of a fixed-term contract unless you are on a yearly contract which has been renewed at least once. Or, you have been under contract with the same employer for a continuous period of at least 24 months".*

Mrs S would've been affected by this exclusion. It would've meant she'd likely have been unable to make a successful unemployment claim at the end of her contract. So I don't think the Prudential representative recommended a policy that was right for her.

And I don't think Mr and Mrs S would've bought the policy if they'd been told the policy wasn't right for Mrs S. So, I think Mr and Mrs S have lost out because of what Prudential did wrong.

I've taken into account Prudential's comments, including what it said about Mr and Mrs S being sent information about the policy and having the opportunity to cancel it during a cooling off period. However I think Mr and Mrs S were entitled to rely on the professional advice of the Prudential representative who visited them. And in any event it looks like the information Prudential referred to would've been sent only after Mr and Mrs S had already agreed to buy the policy. So I still think I should uphold the complaint.

### **putting things right**

Prudential should put Mr and Mrs S in the position they'd be in now if they hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Prudential should:

- Pay Mr and Mrs S the amount they paid each month for the PPI
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year †.
- If Mr and Mrs S made a successful claim under the PPI policy, Prudential can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Prudential to take off tax from this interest. Prudential must give Mr and Mrs S a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons I've explained, I uphold Mr and Mrs S' complaint. The Prudential Assurance Company Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs S to accept or reject my decision before 18 July 2018.

Steve Thomas  
**ombudsman**