

complaint

Mr and Mrs E have complained that Coventry Building Society mis-sold them a mortgage payment protection insurance (PPI) policy.

background

Mr and Mrs E took out the PPI in 1999 at the same time as arranging their mortgage.

Our adjudicator didn't uphold the complaint. Mr and Mrs E don't agree with the adjudicator's opinion and so the complaint has been passed to me for a 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 this case.

I've decided not to uphold Mr and Mrs E's complaint and I'll explain why.

The policy cost £6.20 a month and provided £200 per month benefit. Mr and Mrs E were joint policy holders and the benefit was split equally between them.

Mr and Mrs E say that the PPI must have just been included with the mortgage account – so it was added without their knowledge or consent.

Coventry BS doesn't have all of the paperwork from the sale, which is not surprising given how long ago it took place, but it does have some. I've seen part of Mr and Mrs E's mortgage application form. Under the heading '*Mortgage Payment Protection Insurance*' a box has been ticked to request PPI. Then handwritten next to it, it says: '*Unemployment only £200 cover 50/50 split*'.

If someone expressed interest in PPI on the mortgage application form they would then have needed to complete a separate PPI application form. Coventry BS doesn't have Mr and Mrs E's actual form but it has provided a sample of the form that was in use at the time. Looking at it, there was a heading called '*Details of Insurance Cover*' under which someone could choose the level of cover required by ticking the appropriate box. They then had to sign the form.

Overall, looking at the available evidence, I think it is likely that the PPI was discussed and presented as optional. The wording and layout of the forms reinforces this. On balance I think that Mr and Mrs E chose to take out the cover, knowing that they didn't have to, even if they no longer remember doing so.

From what I've seen, I don't think that Coventry BS advised Mr and Mrs E to buy the policy, so it didn't need to ensure that it met their needs. But it did need to provide enough information for the couple to make an informed choice about whether or not the policy was right for them.

Mr and Mrs E have asked why they would have bought a policy when they had such good work benefits. Mr and Mrs E have said that they would both have received six months' full

pay, followed by six months' half pay if they were off sick. But Mr and Mrs E elected not to have cover for accident and sickness. So it looks as if they did give consideration to their needs at the time and decided they didn't have a need for the sickness element of the policy. They took out cover for unemployment only. In the event of redundancy, Mr E says he would have received 38 weeks pay and Mrs E didn't know what her entitlement would have been. The policy would have paid out in addition to any redundancy pay and would have covered their mortgage repayments for up to 12 months per claim. This would have provided a useful benefit at what would have been a difficult time and would have provided them with some breathing space whilst they looked for another job. So I think the policy could have provided a useful benefit at what would have been a difficult time. A mortgage is a significant financial commitment and it wouldn't be surprising if Mr and Mrs E had an interest in protecting their repayments.

It's possible that Coventry BS didn't provide as much information about the policy as it should have, particularly about the things that it didn't cover, but Mr and Mrs E weren't affected by any of those things. As I think they had an interest in the policy and decided to buy it, I don't think that further information would have caused them to change their minds. Therefore I can't conclude that the policy was mis-sold.

To clarify a further point that Mr and Mrs E have made – they have queried the dates of the policy as they say the insurer told them that the PPI was cancelled in 2010. That is indeed the case. The date of 2006 that the adjudicator mentioned in her view is when the mortgage ended. As the PPI was a standalone policy that could provide cover for any mortgage, there was not a problem with it continuing after Mr and Mrs E re-mortgaged to another provider in 2006. It is the start and end dates of the credit agreement that the PPI was sold with (a mortgage in this case) and not the dates of the PPI that are relevant when thinking about unfair commission and the Plevin judgement. The mortgage dates in this instance mean that the Plevin judgement is not relevant.

my final decision

For the reasons explained above, I do not uphold Mr and Mrs E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 7 December 2018.

Carole Clark
ombudsman