

complaint

Mr T's complaint against London and Country Mortgages Ltd ('London and Country') concerns the sale, in 2003, of a monthly premium mortgage payment protection insurance ("MPPI") policy.

background

In the ombudsman service's most recent assessment of this case, our adjudicator did not find that London and Country had mis-sold the MPPI policy to Mr T. Mr T has requested that his complaint be reviewed by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so I have also taken into account the law and good industry practice at the time the policy was sold.

I think the relevant considerations in this case are the same as those set out in our well-established approach to complaints about the sale of PPI, which is published on our website.

The key questions I need to consider are:

- if London and Country gave any advice or recommendation, did it take adequate steps to ensure the product it recommended was suitable to Mr T's needs;
- whether London and Country gave Mr T information that was clear, fair and not misleading so that he could make an informed choice about whether to buy the MPPI policy; and
- if London and Country did something wrong when selling the policy, would Mr T have acted differently – and not bought the policy – if it had not done so.

Before I consider these questions, I will first look at Mr T's complaint that it wasn't made clear to him that the policy was optional.

It appears that the MPPI policy was sold to Mr T by post. London and Country has provided copies of a number of letters that it sent to Mr T prior to him taking out the policy.

Having looked at these letters, I think it should have been clear to Mr T that the policy was a separate product to his mortgage, and that it was optional. I note that in its letter of 27 November 2002, London and Country explained what Mr T should do if he wanted cover, or if he did not want cover.

I note also that Mr T's mortgage offer was accepted before he submitted an application for MPPI. And in its letter of 20 December 2002, London and Country said that if it did not hear from Mr T about MPPI it would assume that he did not want the cover. It seems that Mr T subsequently decided to complete an MPPI application form.

As well as looking at the letters provided by London and Country, I have also reviewed Mr T's testimony. Having done so, I do not consider I have sufficiently compelling evidence

to enable me to conclude that what he says is more likely than not to have happened. It seems to me that I cannot safely conclude that the optional nature of the policy was not made clear to Mr T.

I therefore think it is more likely than not that it would have been clear to Mr T that the MPPI policy was a separate and optional product, and that he agreed to take it out.

Our adjudicator did not think that London and Country recommended the policy to Mr T. Having looked at the circumstances of this sale, I agree with the adjudicator and think that it is most likely that London and Country did not give advice or make a recommendation.

As such, London and Country was not under an obligation to make sure the policy was suitable for Mr T. It should, however, have made sure that Mr T was provided with information that was clear, fair and not misleading so that he could make an informed choice.

was information clear, fair and not misleading?

Mr T has said that London and Country did not explain any of the terms and conditions of the policy to him.

London and Country has said that Mr T was sent a leaflet and brochure about the policy, and would have been provided with sufficient information to enable him to make an informed choice.

I have looked at the policy information leaflet that I think Mr T would most likely have received with the letter of 27 November 2002 from London and Country. The leaflet provides a range of information about the policy, including the eligibility requirements, when benefit would be paid, and the main exclusions and limitations on benefit.

As Mr T has said that he was self-employed at the time he took out the policy, I have considered carefully what the information leaflet said about policy holders who were self-employed. I think the policy's terms for claiming unemployment benefit when self-employed were particularly onerous and were therefore a significant limitation within the policy. As such, they should have been drawn to Mr T's attention in a clear way so that he could make a properly informed choice.

Having looked closely at the information leaflet, I think that this limitation was drawn to Mr T's attention in a sufficiently clear way. I think that it is therefore most likely that, despite this limitation, Mr T decided that the policy could still provide him with valuable cover, particularly in the event of accident or sickness.

Although I think that London and Country did provide clear information to Mr T on a number of important aspects of the policy, I am not sure that he was provided with sufficiently clear information about its costs (once the six months of free cover expired).

However, I also need to consider whether or not Mr T would have acted differently if clearer information about the policy had been available to him. Based on his circumstances at the time, I find it unlikely that the provision of any further information would have deterred Mr T from taking out the MPPI policy in any event. I say this because:

- Mr T had taken on a significant monthly commitment with his mortgage repayments. I think it is likely that he would have thought it advisable to ensure he had some protection in place to cover his repayments.
- It would seem that Mr T was eligible for the policy and – with the exception of the self-employment terms I have discussed above - unlikely to be affected by any of the other significant exclusions or limitations on benefit (for example, those relating to pre-existing medical conditions) which might have made the policy less attractive.
- There is nothing that leads me to believe that the cost of the policy would have deterred Mr T from taking it out.
- Mr T has said that he would not have received any pay if he had been unable to work due to sickness or an accident. He has also said that, at the time he took out the policy, he had savings equivalent to between six and twelve months of his pay. In the event that Mr T made a successful claim, the MPPI policy would have provided a benefit for up to 12 months. I think Mr T would most likely have considered that the policy could be of material assistance to him at a time when he might benefit from additional security, and when he is unlikely to have wished to use up the savings cushion that he had.

I am not therefore persuaded that, even if clearer information had been provided to Mr T, he would have decided against taking out the MPPI policy. As a result, I cannot uphold his complaint.

my final decision

For the reasons given, my final decision is that I do not uphold Mr T's complaint against London and Country Mortgages Ltd.

Matthew Young
ombudsman