

complaint

Mr L says Nationwide Building Society mis-sold him a payment protection insurance (PPI) policy.

background

Mr L bought the policy in 2003 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Mr L has told us the sale took place in a meeting, but according to Nationwide's records the policy was sold over the phone. Mr L may have visited a branch during the process of taking out the loan. But I think it's most likely that the sale of the loan and PPI took place over the phone as Nationwide suggests.

Our adjudicator didn't uphold the complaint. Mr L 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 L's case.

I've decided not to uphold Mr L's complaint. I'll explain why.

Nationwide hasn't been able to give me a recording of the call during which the PPI was sold to Mr L. But I've seen a copy of a guidance document for loan sales, which Nationwide says would've been used at the time. The guidance document instructs the adviser to give the customer quotes both with and without PPI.

Mr L hasn't given me much detail about what was discussed when he took out the loan. And I see no reason to doubt that the guidance document would've generally been followed by staff at the time. So I think it's most likely that Nationwide made Mr L aware the PPI was optional and that he chose to take it out.

Nationwide didn't recommend the PPI to Mr L, so it didn't have to check if it was suitable for him. It was Mr L's responsibility to take into account his circumstances – including his sick pay, savings, redundancy and other insurances – and assess whether the policy was suitable. And it was Nationwide's responsibility to give Mr L information about the policy in a way that was clear, fair and not misleading.

From what we know about how Nationwide sold these types of policies at the time, and from the guidance document I've seen, I think it's likely that information about the cost of the policy would've been given to Mr L during the phone call. A loan agreement was sent to Mr L after the phone call and the cost of the policy was shown on the agreement – including the amount of the premium, the interest payable on the premium and the total cost. So I think Mr L would've understood how much the PPI would cost if he kept the policy for its full term. And given how long the policy could've paid out for, if Mr L made a successful claim he could've got back quite a bit more than what he paid for it.

It's possible Nationwide didn't point out the main things the policy didn't cover. But it's unlikely Mr L would've been affected by any of these.

I've taken into account the comments that have been made on Mr L's behalf. But these points don't change my conclusion.

my final decision

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

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

Ifrah Malik
ombudsman