

## complaint

Mr and Mrs D say Cheltenham & Gloucester plc (“C&G”) mis-sold them a mortgage payment protection insurance (“MPPI”) policy called “*Payment Protection Plus Insurance*”.

## background

Mr and Mrs D took out an MPPI policy with a mortgage, during a meeting in 2010. They paid a monthly amount for the policy, which was in Mrs D’s name only.

The policy initially cost £27.50 per month. And if Mrs D was too unwell to work or made redundant it would’ve paid out £430.54 per month for up to 12 months.

Our adjudicator didn’t think the complaint should be upheld. Mr and Mrs D 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 and Mrs D’s case.

Having done so, I’ve decided not to uphold Mr and Mrs D’s complaint and I’ll explain why.

C&G had to let Mr and Mrs D know the policy was optional and it had to get their consent before it added MPPI to their account.

Mr and Mrs D say they were never aware MPPI would be added, they didn’t need or want it and if they’d been offered it as an optional extra, they wouldn’t have taken it. But C&G’s provided a number of documents from the time of sale, which it says show it was made clear the MPPI was optional and that Mr and Mrs D agreed to have it.

Mrs D signed an application form for the MPPI that was separate to the application for the mortgage. This said that Mrs D was to have 100% of the cover. So I think it’s likely Mr and Mrs D discussed their circumstances and needs with C&G and chose to protect Mrs D only (Mr D wasn’t working at the time). Mrs D also completed a direct debit mandate for the policy that was separate from the one for their mortgage. And their mortgage offer said, “*You are not obliged to take out any insurance through Lloyds TSB or Cheltenham & Gloucester as a condition of this mortgage*”. So I think Mr and Mrs D likely knew MPPI was an optional extra, but chose to take it for Mrs D at the time.

Mr and Mrs D say they weren’t given any advice about whether to have the PPI. But C&G says they were and it’s provided a completed “*Insurance Fact Find and Summary of Your Needs & Our Recommendation*” document which says that the adviser recommended Mrs D take the MPPI and that they accepted that recommendation. So I think C&G did recommend it. This puts more responsibility on C&G because it would’ve had to check the policy was suitable. And based on what I’ve seen of Mr and Mrs D’s circumstances at the time, I think it was. I say this because:

- From the information I’ve seen, I think Mrs D was eligible for the policy.

- Mrs D doesn't appear to have been affected by any of the things that might've made it harder for her to claim on the policy, such as having a pre-existing medical condition or unusual employment circumstances.
- Mrs D says she would've received some sick pay from her employer and C&G says she's referred to having some small savings. But the policy would've paid out in addition to any sick pay or savings Mrs D had or any redundancy payment she might've got, and potentially for longer than her sick pay. And Mrs D could've claimed again after a requalification period. So I think the policy could've been useful to them. The mortgage was a big and long term commitment and secured against their home, so the consequences of not being able to keep up payments could've been serious for them.
- I haven't seen anything to suggest Mr and Mrs D couldn't afford the policy.

C&G also needed to give Mr and Mrs D enough information so they could decide whether the policy was right for them.

I don't know what was discussed at the meeting, so it's possible the information C&G gave Mr and Mrs D about the terms and cost of the policy wasn't as good as it should've been. But the cost was set out in the recommendation *document* I've mentioned, completed by the adviser. So I think it's likely it would've been discussed. But even if some information was missing, on balance I don't think it would've made a difference to their decision to have the MPPI, for the same reasons as I think the policy was suitable for them.

I understand this will come as a disappointment to Mr and Mrs D, and I've thought carefully about everything they've said. But I don't think they lost out because of anything C&G may've done wrong.

### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 31 August 2017.

Hanna Johnson  
**ombudsman**