

## **complaint**

Mr and Mrs D say London and Country Mortgages Ltd mis-sold them a mortgage payment protection insurance ("PPI") policy.

## **background**

This complaint is about a PPI policy taken out in 2010.

Our adjudicator recommended the complaint be upheld. London and Country 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 this case.

I've considered what London and Country has said, but I've still decided to uphold Mr and Mrs D's complaint. This is because London and Country told Mr and Mrs D that the lender was insisting on them taking the PPI, because of the nature of Mr D's employment.

In response to the adjudicator's view that the complaint should be upheld, London and Country has said that the PPI was optional "and would only be put in place at the request" of Mr and Mrs D.

However, in reality Mr and Mrs D wouldn't have felt able to refuse to take PPI, as they believed it would mean they would lose the offer of a mortgage, and might lose their vendor – this is reflected in the phone conversation they had with the adviser.

And it is not clear that taking PPI was an actual condition of the mortgage. The "key facts about this mortgage" document said:

***Insurance you must take out through [the lender] or London & Country Mortgages***

*You do not need to buy any insurance through [the lender] or London & Country Mortgages.*

***Insurance you must take out as a condition of this mortgage but that you do not have to take out through [the lender] or London & Country Mortgages***

*Buildings insurance.*

So I do think Mr and Mrs D were led to believe they had to take out PPI, even though it appears not to have been true.

### **fair compensation**

London and Country Mortgages Ltd should put Mr and Mrs D 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 London and Country Mortgages Ltd should:

- Pay Mr and Mrs D 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<sup>†</sup>.
- If Mr and Mrs D made a successful claim under the PPI policy, London and Country Mortgages Ltd can take off what they got for the claim from the amount it owes them.

<sup>†</sup> HM Revenue & Customs requires London and Country Mortgages Ltd to take off tax from this interest. London and Country Mortgages Ltd must give Mr and Mrs D a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons set out above, I uphold Mr and Mrs D's complaint.

I require London and Country Mortgages Ltd to pay Mr and Mrs D compensation in accordance with the calculation of redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 22 October 2018.

Timothy Bailey  
**ombudsman**