

complaint

Mr and Mrs C say that The Prudential Assurance Company Limited (Prudential) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs C took out a mortgage in 1999. At the same time they bought monthly premium PPI to cover their repayments if Mr C had been unable to work.

Mr and Mrs C say that they didn't realise that they were paying for PPI. They said that they didn't request or need the policy. Prudential says that Mr and Mrs C wanted PPI and that it was suitable for them.

The adjudicator didn't uphold Mr and Mrs C's complaint. They disagreed and so the case has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the 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 C's case.

I'm not upholding Mr and Mrs C's complaint. I'll explain why.

Prudential hasn't been able to give us all of the documents I'd have liked from the time of the sale. As this happened over 15 years ago that doesn't surprise me. But it has been able to give me some information including a Personal Financial Review which records some of the discussion that happened between Mr and Mrs C and Prudential a couple of months before their new mortgage and insurance was taken out. I've also seen their mortgage application and quotation and a sample of a PPI welcome pack that Prudential says would've been like the one Mr and Mrs C received.

The documentation that Prudential has given me is not perfect. I can't tell what was discussed in detail and I don't know how PPI was presented to Mr and Mrs C. But I can see that PPI was discussed, for example on the Personal Financial Review there's a section called *quotations given and what you decided to do*. Here three products are listed, including PPI, and a box has been ticked to indicate that they'd decided to proceed.

I can also see that in the mortgage application there is a section that sets out the policies that were associated with it and PPI is listed. And on the mortgage quotation which is one page there's a section which shows that PPI is included, together with its cost and benefits. Mr and Mrs C say that they didn't know that PPI had been added to their mortgage. But the Personal Financial Review and mortgage application both mention the policy and these have been signed by Mr and Mrs C. I also think it's likely that they would've been sent a PPI welcome pack shortly after completing their mortgage.

So based on the information that's available, I can't fairly conclude that Prudential added the policy to Mr and Mrs C's account without their consent. I think it's more likely that at the time they decided to buy PPI.

Based on the information I've seen I think Prudential advised Mr and Mrs C to buy PPI. This means that it needed to take reasonable steps to make sure that the policy was right for them. I've thought about the policy benefits, the cost of cover and the overall financial circumstances of Mr and Mrs C from the time of the sale. I think that:

- Mr C, who was covered and was the main wage earner, was eligible for the policy.
- Mr C wouldn't have been affected by the main exclusions or limitations in the policy, such as those for existing medical conditions or unusual employment arrangements.
- Mr C was entitled to good sick pay benefits from his employer. But PPI would've paid out in addition to any money he would've received and it gave him cover in full for up to 12 months per successful claim. So I think the policy would've given Mr and Mrs C peace of mind about meeting the repayments on their mortgage, which although relatively modest in size was still an important commitment.
- PPI would've also given Mr C cover if he'd become unemployed. And although I'm sure he would've received some cover from his employer, PPI would've paid out in addition to this and so Mr and Mrs C would have had other potentially useful benefits from the policy.
- Mr and Mrs C say that they had pensions that they were already in receipt of that they could use to make the repayments on their mortgage. But if Mr C had been unable to work for an extended period I think that they'd have found it difficult to meet all of their priority expenditure relying only on the pension that he was being paid at that time.
- At the time the policy seems to have been affordable. It was competitively priced at about £12 a month and would've paid out a monthly benefit of about £210.
- The PPI was paid for by a regular premium so the policy could've been cancelled at any time without penalty.

So when I weigh everything up, I think it's more likely than not that the policy was suitable for Mr and Mrs C.

Prudential also needed to make sure that Mr and Mrs C had enough information so that they could make a proper choice about whether PPI was right for them. I don't know how much detail the adviser went into with Mr and Mrs C or how things were explained. But even if there were problems with the information and advice that Prudential gave to Mr and Mrs C, I don't think it would've made a difference to their decision. I think Mr and Mrs C would still have bought the policy. I say this for the reasons I've already given above.

So, I've decided that in this case Mr and Mrs C haven't lost out as a result of anything Prudential might've done wrong in relation to the sale of PPI.

my final decision

For the reasons set out above, I'm not upholding Mr and Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 22 March 2016.

Kevin Williamson
ombudsman