Financial Ombudsman Service

complaint

Mr C says he was mis-sold a mortgage payment protection insurance (MPPI) policy, which was taken out in 2004. The policy was originally sold by Halifax Insurance Ireland Ltd. However, St Andrew's Insurance plc has taken over responsibility for all these policies and I'll be referring to it throughout this decision.

background

The policy covered Mr C in the event of being unable to work or losing his job.

Our adjudicator who looked at this case said the complaint shouldn't be upheld. But Mr C disagreed and asked for it to be passed to an ombudsman 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 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.

Having done this, I've decided not to uphold Mr C's complaint.

These events took place some time ago and there's very little paperwork left from the sale. Given the passage of time, this isn't particularly unusual. So I'm going to use both what I've been told by the parties involved in the case – and also what I know about how these types of policy were typically sold – in reaching my decision. My decision is based on what's *more likely* to have happened.

The central theme of the complaint is that Mr C says he was made to feel the policy was compulsory for him to get the mortgage. But I was sent some documents which make me think that's unlikely. I'll explain why.

St Andrew's says this policy was sold via a direct marketing process after Mr C already had agreed his mortgage through Halifax. From what I know about how these types of MPPI sales took place, this was a common feature of how St. Andrew's operated – 'fliers' were typically sent to existing Halifax mortgage consumers offering them this type of protection. The process involved those 'taking up' the offer filling in an application form and returning it by post to St Andrew's who then set up the cover.

St Andrew's has records which say it followed this process in this case and so this would have allowed Mr C to understand his mortgage and the MPPI were separate things. And because his mortgage was already agreed, he would have known the MPPI wasn't something he had to buy to get the mortgage.

Further weight is added to this in the form of a letter Mr C was sent on 9 August 2004. I can see this clearly sets out what cover he'd bought and it provides details of how to cancel the MPPI policy if he wants to. It's confirmed in this that any premiums would be repaid in the event of cancellation and there's no suggestion his mortgage would be affected.

Finally, I can see evidence that suggests Mr C would have had to agree to a direct debit being set up to draw the monthly MPPI premium form his account. All these things, taken together strongly point to him being made aware of the policy, it being separate from the mortgage and something he gave his consent to after his mortgage was already agreed.

The way the MPPI sale occurred means it was therefore ‘non-advised’ so it was Mr C’s decision as to whether he should buy the cover. St Andrew’s had to provide information that was clear, fair and not mis-leading.

The letter I mentioned above contained a *schedule* of all the policy’s costs and benefits. So as well as seeing what he needed to pay, Mr C would have been able to assess whether it was value for money. Overall, I can’t say whether Mr C was given all the information he should have been given, but I don’t think this makes any difference to the case.

Mr C was eligible for the cover and I don’t think would have been ‘caught’ by any of the major exclusions we tend to see in these types of policy. I don’t think the cost of the cover was substantially different from similar policies being marketed to consumers of Mr C’s age.

Mr C told us he enjoyed protection from sickness through his job and so he didn’t need the cover. I can understand why he’s said this but this doesn’t necessarily mean the policy wasn’t of use to him. The mortgage was secured against his home and policies like this are there to help in financially difficult times. This particular policy could have paid out in addition to any work-related benefits he had, for up to 24 months.

So whilst I can’t say with certainty *why* Mr C agreed to take this cover, I know that a mortgage is a significant and long-term financial commitment and looking at his circumstances, I can see how he could have had a use for it. The information still available suggests it’s more likely that Mr C bought this policy because it was something he wanted and that he had a use for.

Because of this, I can’t safely say the policy was mis-sold.

my final decision

For the reasons set out above, I don’t uphold this complaint. And I don’t direct St Andrew’s Insurance plc to do anything to put matters right.

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

Michael Campbell
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