

## **complaint**

Mr and Mrs H complain that The Prudential Assurance Company Limited mis-sold payment protection insurance ('PPI') to them when they applied for a mortgage in 1989.

## **background**

Our adjudicator didn't think this complaint should be upheld. Mr and Mrs H disagreed with that view and they thought our adjudicator had made some factual mistakes. So, the matter has been passed to me to make 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 matter.

I've carefully considered all of the information in this case. But I haven't upheld the complaint. I'll explain why below.

Mr and Mrs H told us that the PPI policy was sold to them during a meeting in an office of the Prudential. Prudential say it was sold during a meeting in Mr and Mrs H's home. I've no reason to doubt what Mr and Mrs H told me about the manner in which PPI was sold to them and so I accept the sale took place during an office meeting. I can't know what was said during that meeting. So to help me decide, I've looked at what Mr and Mrs H remember about the sale, what Prudential say they think would have happened and the paperwork that's available from the time.

The first thing I've considered is whether Mr and Mrs H would have known the PPI was optional and they didn't have to buy it if they didn't want it. I think they'd have known the PPI was separate to their mortgage as both products were provided by different companies. The paperwork that's available from the time also describes the PPI as '*optional*'.

In their complaint, Mr and Mrs H said they were '*steered towards*' buying PPI and that the policy was marketed to them as '*valuable*' cover. I accept what Mr and Mrs H recall about the sale and I think that Prudential probably said the PPI would be good for them. But I don't think that's the same as Prudential misleading Mr and Mrs H to think that they *had* to buy this policy as a condition of their mortgage. I think ultimately Mr and Mrs H would have known this product wasn't compulsory.

As I said above, Prudential probably advised Mr and Mrs H to buy this policy. So, they had to make sure it was suitable for their needs. The policy was set up to cover Mr H only and it seems as though that was because he was the main earner at the time. The PPI would have covered him for up to 12 months for each claim if he was unable to work because of illness or redundancy.

In the PPI questionnaire that Mr and Mrs H sent to us, Mr H said he didn't need the PPI policy because he had at least 12 months' sick pay from his employer. He also said that they had savings of an amount equivalent to at least one year's salary to rely on if Mr H couldn't work. But I've been given a copy of a '*personal financial review*' that was completed in 1989 and signed by Mr and Mrs H. In that review form (under the section headed '*income*'),

they've said they wouldn't receive any sick pay in the long or short term. They also gave details of some savings, which were the equivalent of less than a quarter of Mr H's annual salary at that time.

I don't doubt that what Mr and Mrs H told us about their income is what they honestly remember about their circumstances from that time. But I'm aware that this policy was sold almost 30 years ago and it's difficult to precisely recall circumstances from such a long time ago. I think that what was recorded on the '*personal financial review*' form at the time more accurately reflects their financial position in 1989.

That means I think the PPI policy would have provided benefits over and above those which Mr H would have received from work and his savings. I appreciate that Mr H said he was a keen saver and the savings he had in 1989 would have grown substantially and quickly over a short period. But at the point when they took the PPI, the savings Mr and Mrs H had wouldn't have covered them for very long if Mr H couldn't work *at that time*. Mr and Mrs H also said that they'd have been able to rely on friends and family for support if Mr H couldn't work. I accept that it would have been the intention of those friends and family members to help out if Mr H lost his job. But circumstances change and there's no guarantee that assistance would have been available as and when Mr and Mrs H needed it.

In 1989, Mr and Mrs H had to complete a report for their endowment. At that time, they said Mr H had not sought any medical treatment in the two years prior to the application. They also said he had not had any hospital treatment in the last five years. So, he seems to have been in good health. I don't think he'd have been caught by any of the PPI policy's exclusions on medical conditions. Similarly, I haven't seen anything unusual about his employment circumstances that would have prevented him from making a successful PPI claim for redundancy if he needed to.

The evidence I have doesn't suggest that the policy was unaffordable for Mr and Mrs H or that they had a particular need to keep their costs down. The mortgage was secured on their home and I think it would have been at risk if Mr H was unable to work over the longer term. So, for the reasons I've given above, I think the PPI that Prudential recommended probably was a suitable policy.

Even though the policy was suitable, Prudential still had to give Mr and Mrs H enough information about it so they could decide whether it was a good fit for them. It's possible that Prudential didn't give Mr and Mrs H all of the information they should have done. But I don't think that more or better information would have made a difference to their decision to take PPI. I say this because for the reasons I've explained above, I think this policy was generally met their needs.

Overall, I'm satisfied that PPI wasn't mis-sold to Mr and Mrs H and so I don't need to ask Prudential to take any further action.

### **my final decision**

For the reasons set out above, I haven't upheld this complaint. I don't require The Prudential Assurance Company Limited to take any action to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 3 May 2018.

Nicola Bowes  
**ombudsman**