

complaint

This complaint is about a single premium payment protection insurance (PPI) policy taken out with a loan. Mr and Mrs B say Nationwide Building Society (Nationwide) mis-sold them this policy.

background

I issued the attached provisional decision in November 2015, setting out why I thought the complaint shouldn't be upheld. And I asked both parties to provide any further submissions or information to me within one month.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Neither party has sent me any new information or arguments.

So there's no reason to change the findings I set out in my provisional decision.

my final decision

For the reasons set out in my provisional decision, I don't uphold Mr and Mrs M's complaint or direct Nationwide Building Society to pay any compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 8 February 2016.

Michael Campbell
ombudsman

copy – provisional decision

complaint

This complaint is about a single premium payment protection insurance (PPI) policy taken out with a loan. Mr and Mrs B say Nationwide Building Society (Nationwide) mis-sold them this policy.

background

In 2002, Mr and Mrs B took out a loan with Nationwide over two years. At the same time they bought a PPI policy to protect their loan repayments. As the policy was in Mr B's name, only he was covered.

Our adjudicator said the complaint should be upheld. But Nationwide disagreed and the complaint has been passed to me for an ombudsman's decision.

my provisional 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 don't intend to uphold Mr and Mrs B's complaint.

It's not entirely clear how the policy was sold. Nationwide says it was sold over the telephone whereas Mr and Mrs B thought there was a meeting. They said they were aware the policy was being sold to them and that it was optional, but they thought they needed to buy the policy to ensure the loan got approved.

I think the policy would have been sold on a 'non-advised' basis. This means Nationwide didn't need to ensure the policy was suitable for Mr B.

I obviously can't be sure what was said over the telephone or at any meeting. But Nationwide was under a duty to provide information that was clear, fair and not misleading so Mr and Mrs B could make an informed choice as to whether they should buy the policy.

Nationwide sent us the *Unsecured Personal Loan Agreement* from this sale. I think Mr B was given this form to sign at some point to authorise the sale, no matter how it was carried out.

I can see this form sets out all the costs they would be paying. Under the heading *Optional Credit Insurance* the PPI costs with and without interest were broken down. And I can see that the cost of the loan and the total costs of both the loan and the PPI were shown, again with and without interest. Mr B signed this agreement so I think he'd have known what the policy cost, that it was optional and that it was a separate product from the loan.

From what I know of Nationwide's procedures and from what it told us, I think it's also likely Mr and Mrs B would have been given the policy document which explained all the features of the cover. I can't say they definitely received this or that Nationwide gave clear enough information during the call / meeting or in any further paperwork they were given. But even if it didn't, I don't think it would have made any difference to whether or not they still bought the policy.

Mr B was eligible for the PPI and I don't think that he'd have been 'caught' by any of the major exclusions we tend to see in these policies. In the event of a successful claim for accident / sickness, the policy could have met the loan repayments until it was repaid. And if he'd become unemployed, he could have claimed for up to 12 months. There's no evidence to suggest the PPI was unaffordable for Mr and Mrs B and it appears that they would have received a proportionate refund if they'd cancelled the policy early.

Mr and Mrs B told us that they didn't have any savings at the time and Mr B wouldn't have received sick pay through his job in the event of him being unable to work. So I think they could have had a use for the policy. It was there to remove the added pressure of paying the loan in financially difficult times.

Although they haven't directly said it, Mr and Mrs B suggested they were under some pressure to buy the PPI to get the loan. I fully appreciate that pressure can be felt differently by different people but I don't think there's any evidence, other than what they've suggested, that shows pressure was a feature in this sale.

Taking account of all these things, I can't safely say this policy was mis-sold.

my provisional decision

For the reasons set out above, I don't intend to uphold Mr and Mrs B's complaint. And I don't intend to direct Nationwide Building Society to do anything to put matters right.

I now invite all parties to submit any further evidence or comments they wish me to consider by 29 December 2015 after which I will issue a final decision.