

## **complaint**

Mr and Mrs B say Nationwide Building Society (at the time Portman Building Society) mis-sold them a mortgage payment protection insurance (MPPI) policy.

## **background**

This complaint is about a regular premium MPPI policy taken out with a further advance on a mortgage in 2004. It seems the policy was taken out by post, following a phone call.

Our adjudicator upheld the complaint. Nationwide 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 Mr and Mrs B's case.

I've decided to uphold Mr and Mrs B's complaint. I've explained why below.

I don't think Nationwide gave Mr and Mrs B clear enough information about the policy. I say this because I don't think Nationwide did enough to make Mr and Mrs B aware that pre-existing medical conditions wouldn't be covered by the policy when they took it out. I've noted the covering letter sent with the quotation for the policy. But this doesn't bring anything other than the eligibility criteria to Mr and Mrs B's attention.

I think this would've mattered to Mr and Mrs B because Mr B had a medical condition when they took out the policy.

I'm aware Mr B told Nationwide he didn't take any time off work because of his condition and he controlled it with medication. But the policy contains a term Nationwide accepts may exclude claims not just directly for but also *linked to* Mr B's existing medical condition. I don't think Mr and Mrs B would've realised this from the information Nationwide says it would've sent them with the quotation.

I think this exclusion would've mattered to Mr and Mrs B – particularly as they only took out accident and sickness cover. Mr B's medical condition was one that could be seen to lead to other illnesses, which could've required him to take more than six months off work.

I don't think Mr and Mrs B would've bought the policy if Nationwide had given them clear information about it. So, I think Mr and Mrs B have lost out because of what the business did wrong.

I've taken into account Nationwide's comments, including what it's said about the leaflet that came with the MPPI application form. But I still think I should uphold the complaint.

### **putting things right**

Nationwide should put Mr and Mrs B 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 Nationwide should:

- Pay Mr and Mrs B 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 15% a year until April 1993 and 8% a year from then on†.
- If Mr or Mrs B made a successful claim under the PPI policy, Nationwide can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Mr and Mrs B a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons I've explained, I uphold Mr and Mrs B's complaint.

Nationwide Building Society should put things right by doing what I've said above.

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

Matthew Bradford  
**ombudsman**