

complaint

Mr and Mrs P say Nationwide Building Society ("Nationwide") mis-sold them payment protection insurance ('PPI').

background

Mr and Mrs P took out a loan with Nationwide in 2001, purchasing a single premium PPI policy alongside the loan to protect Mrs P's repayments in the event of accident, sickness and unemployment. Mr and Mrs P added to their borrowing to pay for the PPI.

Mr and Mrs P have raised a number of concerns about the sale. Our adjudicator recommended that the complaint should not be upheld. Mr and Mrs P disagree so the complaint 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 this complaint. And I've taken into account our general approach to complaints about PPI which can be found on our website. Having done so, I've decided to not uphold Mr and Mrs P's complaint for the reasons given below.

were Mr and Mrs P aware that they were taking out PPI?

Mr and Mrs P say the loan was taken out in a branch, so I will assess their complaint on that basis. They say the PPI was added to their loan without their knowledge or consent.

This is a difficult matter to decide upon as there is no direct evidence from the sale to show what Mr and Mrs P and Nationwide discussed (or didn't discuss). But there is documentary evidence from the sale, including a loan agreement that Mr and Mrs P had to sign before they took their loan. This agreement shows PPI was being added, with details of its costs listed in a separate column headed "Optional Credit Insurance". Mr and Mrs P have both signed and dated the loan agreement to confirm their purchase. So I think they would have known that they were signing up for PPI and that it was optional.

I accept Mr and Mrs P *may* not have been told PPI was being added to their loan. But if PPI hadn't been discussed or agreed upon, I would have expected Mr and Mrs P to have raised this with Nationwide when they reviewed their loan agreement. I've seen no evidence they did so. And after they had signed their loan agreement, they would then have been provided with a PPI policy document. Again, I would have expected Mr and Mrs P to have queried why this was being given to them if they hadn't agreed to taking out PPI. And, again, there's no evidence that Mr and Mrs P did query this with Nationwide. All of which suggests to me that they agreed to taking out PPI.

how was the policy sold?

I've seen no evidence that Nationwide assessed Mr and Mrs P's circumstances and provided them with a personalised recommendation. It seems more likely to me, therefore, that the policy was sold on a 'non-advised' basis. That is, Nationwide provided a generic recommendation about taking out cover, but left it to Mr and Mrs P to decide if the policy was suitable. So it was Mr and Mrs P's responsibility to take into account their circumstances – including their sick pay – and assess whether they wanted the cover being offered.

Nationwide did, however, have to provide Mr and Mrs P with clear, fair and not misleading information so that they could make an informed decision about what they were buying.

did Nationwide meet Mr and Mrs P's information needs?

Mr and Mrs P's loan agreement gave the cost of their loan with PPI and without PPI. I think it unlikely that Nationwide would provide a loan agreement for approval which added expenses that hadn't previously been discussed. So I'm satisfied that Mr and Mrs P were given information on the total cost of their PPI both verbally and in writing. The loan agreement also gave them more detailed information on the PPI's costs, including the total interest charge for the PPI and the amount they would have to pay for their PPI every month. I also think Nationwide would have told Mr and Mrs P about the PPI's main benefits because doing so would have made the policy seem more attractive. So, all things considered, I'm satisfied Mr and Mrs P would have understood how much the PPI cost and what its main benefits were.

I accept it's *possible* Nationwide didn't point out the main things the policy didn't cover. But, having reviewed Mrs P's circumstances at the time of sale, I don't think she would have been affected by any of these. So I don't think any failings in this regard would have changed Mr and Mrs P's decision to take out the PPI.

Finally, I note that Mr and Mrs P have said Mr P's self-employment made the policy unsuitable. But the policy covered Mrs P only, so Mr P's employment status would not have made the policy unsuitable in this case. So I don't uphold their complaint on this point.

my final decision

For the reasons given above, I've decided not to uphold Mr and Mrs P's complaint.

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

Christian Wood
ombudsman