

## **complaint**

Mr R complains that The Prudential Assurance Company Limited (“Prudential”) mis-sold him a mortgage payment protection insurance (“MPPI”) policy in 1998.

The financial relationship at the heart of this complaint concerns a mortgage and related MPPI taken out by Mr R on his own. This means that, for the purposes of our rules, only Mr R is eligible to bring the complaint, and my decision can only bind Mr R and the business. Although Mr and Mrs R have both signed our complaint form, my decision refers solely to Mr R. No discourtesy is intended to Mrs R by this. It is a procedural point only, but one that I must adhere to strictly under our statutory rules.

## **background**

Our adjudicator considered this complaint and was of the view that it should not be upheld. Mr R did not agree with this view and asked that the complaint be considered afresh by an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our general approach to considering complaints about the sale of MPPI is well-documented and I have considered the issues in accordance with this general approach. This includes taking into account the law and good industry practice at the time the policy was sold.

The key issues I need to consider in this complaint are:

- whether, in giving any advice or recommendation, Prudential took adequate steps to ensure that the MPPI policy was suitable for Mr R’s needs; and
- whether Prudential gave Mr R information that was clear, fair, not misleading and sufficient to put him in a position to make an informed choice about whether to buy the MPPI policy.

If there were shortcomings in the way in which Prudential sold the policy, I then need to consider whether Mr R is worse off as a result. That is, would Mr R be in a different position now if there had not been any shortcomings?

Mr R has told us that he bought the policy when a representative from Prudential came to his home to discuss a mortgage application.

Because of the length of time that has passed since the sale of the policy, there is very little documentary evidence to assist me in deciding this case. I have therefore had to consider the testimonies of Mr R and Prudential and the limited documentation that both parties have provided in order to make my decision. It follows that I am making this decision based on the balance of probabilities, in other words, what is *most likely* to have happened at the time.

Both parties have agreed that this was an ‘information only’ sale. This means that Prudential was not required to assess the suitability of the policy in relation to Mr R’s personal circumstances. It was, however, required to provide sufficient, clear information about the

policy and its terms and limitations to allow him to make an informed choice about whether to buy the cover offered.

My first consideration is whether Mr R was made aware that the policy was optional. I have considered the limited range of documents that have been provided, and I have not seen anywhere that clearly states that the policy is optional.

However, I note that the covering letter to the MPPI policy document says "You have applied for this insurance with an application form, and by signing a declaration".

Also, the summary of insurance document, an extract of which is below, states:

While I appreciate that both of these documents were sent to Mr R after the sale took place, I consider that it would have given him the opportunity to question the MPPI had he not wished to buy it and gained the mistaken impression that it was compulsory in order to secure the mortgage.

Clearly, I cannot know what was said by Prudential's representative during the meeting, and I accept that it is possible that something was said that made Mr R feel that he needed to take the MPPI cover. However, having considered the documents provided with care, I am not persuaded that Prudential mis-led Mr R about the optional nature of the policy.

I am satisfied that Mr R was eligible for the policy in that he was of working age and in permanent employment. Having considered the information that Mr R has provided to us about his health and employment circumstances at the time of the sale, I am satisfied that the policy was suitable for his circumstances and that he would have been able to make a successful claim on it had the need arisen. I am not, therefore, persuaded that he was disadvantaged by any lack of information at the point of sale.

I have no information about how the cost of the policy was presented to Mr R at the point of sale. However, I understand that Mr R, as the insured party, would have received around £215 per month benefit if he was disabled or unemployed, and that the policy cost him less than £10 per month. I note that this was a monthly, non-interest bearing premium.

The information Mr R has given about his existing provisions and work benefits suggests that he may have found it difficult to continue with the mortgage repayments for anything other than a brief period in the event of misfortune. Meanwhile, he was taking on a new credit facility and potential liability. I am persuaded that, if the cost and level of cover provided by the policy was acceptable to him, he would, quite reasonably, have chosen to take it out.

In the absence of any evidence to the contrary, I am persuaded that, as Mr R paid for the policy for ten years, he was most likely content with the cost as it was presented to him at the time of sale.

In summary, I have carefully considered the very limited evidence that was available to me in this case. While I appreciate that Mr R considers that he was mis-sold the policy, I believe that the balance of probabilities does not support that view. It would appear that the policy was suitable for Mr R's situation, and that he would have been able to make a successful

claim upon it. Similarly, there is nothing about the cost of the policy that leads me to believe that Mr R was disadvantaged in some way by insufficient information.

While I appreciate that this will be a source of disappointment to Mr R, I am not persuaded, on the evidence before me, that the policy was mis-sold to him.

It follows that I do not uphold this complaint.

**my final decision**

For the reasons set out above, I do not uphold this complaint. I make no award against The Prudential Assurance Company Limited.

Roxy Boyce  
**ombudsman**