complaint

Miss N complains that Legal & General Partnership Services Limited (Legal & General) mis-sold her mortgage payment protection insurance (MPPI) and a level term life assurance policy.

background

In 2003, Miss N met with an agent from Legal & General and bought an MPPI policy to run alongside her mortgage along with a level term life assurance policy. The agent also arranged the mortgage to be provided by a separate lender.

Miss N says that Legal & General mis-sold the policies to her. She does not think the amount of cover sold to her was suitable because she feels she had adequate cover provided by her employer. She also thinks she was led to believe all of the insurance sold was necessary.

Legal & General said in its final response to Miss N that it should have offered a decreasing term life assurance policy rather than a level term one. It has offered to compensate Miss N for this and put her in a position she would be in if she had agreed to have a decreasing term life assurance policy at the time of sale. Miss N has not accepted this offer as she feels both policies were mis-sold altogether.

As Legal & General has agreed to compensate Miss N for offering a level term policy rather than a decreasing term one, I do not need to make a finding on this point. What I do need to consider is whether Miss N was mis-sold the policies and whether she should have had any cover at all.

Our adjudicator did not uphold Miss N's complaint in this regard and believed she hadn't been mis-sold the policies. Miss N disagreed with the adjudicator's opinion so her complaint has been passed to me to look at.

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 Miss N's case.

I have decided not to uphold Miss N's complaint regarding whether the MPPI policy and the level term life assurance policy were mis-sold. Here are my reasons:

- Miss N appears to have been eligible for the policies given her circumstances and the terms and conditions that applied at the time.

- I think the agent representing Legal & General made Miss N aware that both insurance policies were optional and she chose to have it. I say this because I cannot see anywhere in the documentation provided from the time of sale that the insurance was a compulsory requirement of obtaining a mortgage. The statement of fact form shows that Miss N was most likely asked a series of questions about whether she needed the insurance by the agent demonstrating to me that a conversation was likely had between the agent and Miss N about her needs and what was suitable.

- I can't say for certain what was discussed between Miss N and the agent from Legal & General. But after considering what Miss N has said about what happened and also the other sales documentation (the welcome letter and insurance certificate) I don't think the evidence is strong enough for me safely to say that Legal & General didn't explain that both insurance policies were an optional feature due to what I have seen.

- I can see from the statement of fact form that the agent from Legal and General most likely recommended the insurance policies to Miss N, so it had an additional responsibility to ensure that its advice was suitable (and Miss N is saying in her complaint that the policies weren't). Based on the information I've seen, I am not persuaded the policies were unsuitable for Miss N. Or that she would have acted differently (that is, not taken out either policy) if she had been properly advised and informed in 2003.

- I say this because, although Miss N told us she had some sick pay through her employer (26 weeks), she could have received benefit through the MPPI policy in addition to this. I can see that the deferment period for any incidents of disability was 180 days. This suggests to me that the agent had recommended this level of cover to kick in after Miss N's sickness benefit had ended. She would need the benefit provided by the policy if she was sick or couldn't work for an extended period of time. I don't think her circumstances at the time of sale are sufficient for me reasonably to say that the MPPI policy wasn't suitable for her.

- The level term life assurance policy provided additional critical illness cover. I can see this type of cover would have given Miss N peace of mind as she was taking on a financial commitment secured against her home. So, on balance, I think she would have had some use for both policies.

- Miss N was not affected by any of the conditions limiting the policy's main benefits, such as those affecting self-employed people or people with pre-existing medical conditions. So, as she could have benefitted from the full extent of the cover provided by both policies, I think it unlikely Miss N needed better advice about the policy's exclusions and limitations.

- It's possible the information the agent from Legal & General gave Miss N about the policies wasn't as clear as it should have been during the sale. But the PPI information included in the paperwork that I have seen sets out what the policy would cost her each month and the monthly benefit that would be paid if a successful claim was made. So I think Miss N would have been aware how much she would be paying for the policy. I think it unlikely she would have made a different decision about whether to take out PPI if better information had been provided for any other term or condition of either policy.

I know that it will be a disappointment to Miss N but I do not uphold her complaint that the two policies were mis-sold.

Finally, an adjudicator from our service has made contact with Legal & General and has received confirmation that its offer still stands regarding the level term life assurance policy. This is something which I have not made a finding on in my decision, so I will leave it to Miss N to consider whether she would like to accept Legal & General's offer or not.

my decision

For the reasons set out above, I do not uphold Miss N’s complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss N to accept or reject my decision before 18 February 2016

Mark Richardson
ombudsman