

complaint

Mr A says Furness Building Society mis-sold him a payment protection insurance (PPI) policy.

background

This complaint is about a monthly premium PPI policy taken out at the same time as Mr A applied for a mortgage. A third party broker arranged the mortgage, which included 12 months' free PPI cover, but Furness has taken responsibility for the sale. And therefore this complaint.

The policy covered Mr A for accident, sickness and unemployment. After the first 12 months he paid a monthly amount for it.

Our adjudicator didn't uphold the complaint. Mr A disagreed with the adjudicator's opinion so the complaint was 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 A's case.

I've decided not to uphold Mr A's complaint. I'll explain why.

Mr A says he was told he needed PPI for the mortgage. I can't know what was discussed but Furness has provided us with some of the documents from Mr A's sale. Mr A completed and signed a registration form for the PPI. I can't find anything on the form that I think could reasonably have led him to believe the PPI was mandatory. And given the cover was free for all eligible applicants for the first 12 months, it seems unlikely to me that he was told that taking it might affect his mortgage application. I've thought carefully about Mr A's recollection but I also have to consider how long ago the meeting was and how that might affect what he recalls. Overall, I think it's more likely Mr A chose to take the policy out knowing that he could've gone ahead without it.

Furness didn't recommend the PPI to Mr A so it didn't have to check if it was suitable for him. It did however have to give him enough information so he could decide for himself whether he wanted to buy PPI.

It's possible the information the society gave Mr A about the PPI wasn't as clear as it should have been. But I don't think he would've been put off taking out the policy if he had received better information. I say this because:

- Mr A was eligible for the policy given his circumstances at the time and the policy's terms and conditions.
- He wasn't 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. As he could've benefitted from the full extent of the cover, I think it unlikely he needed better information about the exclusions and limitations.

- Mr A was entitled to six months' sick pay, but the PPI would have paid out in addition to his work benefits and for up to 12 months. It also gave up to 12 months' redundancy cover. He had savings worth at least six months' salary but the PPI would have allowed him to use them to cover other living expenses whilst not working, or to keep them intact for any future needs. Mr A was borrowing a large sum of money over a long time secured against his home. Given the serious consequences of missing mortgage repayments I think the PPI would have been useful if he was sick or lost his job.
- I don't know that the cost (after the free 12 months) was made clear at the time of the sale but the PPI was competitively priced and apparently affordable. So I think it's unlikely he would've made a different decision if better information about the ongoing cost had been provided.

It follows I don't think Mr A has lost out because of any problems with this sale.

Mr A asked why the complaint of a colleague with a less generous sick pay benefit has been upheld. But I can only comment here on the merits of this individual case. I would however add that the outcome of each PPI complaint will vary based on a number of factors, including – but not limited to – when and how the policy was sold, the price and the benefit it offers, the policy terms, the credit product it covers and the person's circumstances at the time of the sale.

my final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 September 2019.

Rebecca Connelley
ombudsman