

complaint

Mr and Mrs J say that The Prudential Assurance Company Limited (Prudential) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs J re-mortgaged their home in 1998. At the same time they bought monthly premium PPI to cover their repayments if they'd been unable to work due to disability or unemployment. The benefits of the policy were split 50/50 between Mr and Mrs J.

Mr and Mrs J say that they were told that they would need the cover and that they should buy protection as they'd done before with their previous mortgage. Mr and Mrs J had other concerns, for example they say it wasn't made clear that the policy was optional. They also say that when they made a claim the policy didn't pay out much, so they didn't think it was worth the money it cost them. Prudential says that Mr and Mrs J wanted PPI and that it was suitable for them.

The adjudicator didn't uphold Mr and Mrs J's complaint. They disagreed and so the case 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 the 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 J's case.

I'm not upholding Mr and Mrs J's complaint. I'll explain why.

Prudential hasn't been able to give us all of the documents I'd have liked to have seen from the time of the sale. As this happened over 17 years ago that doesn't surprise me. But it has been able to give me some information including a Personal Financial Review which records some of the discussion that happened between Mr and Mrs J and Prudential before their re-mortgage and insurance were taken out. I've also seen their mortgage quotation and a sample of a PPI welcome pack that Prudential says would've been like the one Mr and Mrs J received.

Mr and Mrs J say that they were told that they needed PPI. And I think that Prudential advertised the benefits of the policy. But that's not the same as insisting that Mr and Mrs J bought the policy or making it a condition of the re-mortgage arrangements.

The documentation that Prudential has given me is not perfect. I can't tell what was discussed in detail and I don't know how PPI was presented to Mr and Mrs J. But I do think that PPI was discussed; for example on the mortgage quotation I can see a separate section which shows that PPI is included, together with its cost and benefits. I also think it's likely that Mr and Mrs J would've been sent a PPI welcome pack.

Based on the information that's available, I can't fairly conclude that Prudential told Mr and Mrs J that they had to have PPI. I think it's more likely that at the time they decided to buy PPI because it offered them useful benefits.

Based on the information I've seen I think Prudential advised Mr and Mrs J to buy PPI. This means that it needed to take reasonable steps to make sure that the policy was right for them. I've thought about the policy benefits, the cost of cover and the overall financial circumstances of Mr and Mrs J from the time of the sale. I think that:

- Mr and Mrs J were eligible for the policy.
- Mr and Mrs J wouldn't have been affected by the main exclusions or limitations in the policy, such as those for existing medical conditions or unusual employment arrangements.
- Mr J wasn't entitled to sick pay from his employer and Mrs J was entitled to less than 3 months of benefits. PPI would've paid out in addition to any money they would've received and it gave them cover for up to 12 months per successful claim. So I think the policy would've given Mr and Mrs J peace of mind about meeting the repayments on their re-mortgage, which was an important financial commitment.
- PPI would've also given Mr and Mrs J cover if they'd become unemployed. So I think they got other potentially useful benefits from the policy.
- Mr and Mrs J say that they had up to 3 months' worth of salary in savings they could've used to make the repayments on their mortgage. But if either of them had been unable to work for an extended period I think that they'd have quite quickly found it difficult to meet their repayments and cover all of their essential household expenditure.
- At the time the policy seems to have been affordable. It was competitively priced at about £18 a month and could've paid out a monthly benefit of about £326 if they'd both been unable to work.
- The PPI was paid for by a regular premium so the policy could've been cancelled at any time without penalty.

So when I weigh everything up, I think that the policy was suitable for Mr and Mrs J.

Mr and Mrs J were disappointed that when Mr J had to make a claim for sickness in 2007 for a period of about 40 days the policy didn't pay out as much as they thought it would. This is partly because they'd decided to split the benefits of the policy between them. But also because claims couldn't be made for the first 30 days of a period of illness or unemployment.

I can understand why Mr and Mrs J may've thought they would've received more cover from the policy. But I think that they decided to split the policy benefits for good reason as they were both working. And exclusion periods of 30 days or even more are not unusual in these sorts of policies.

Prudential also needed to make sure that Mr and Mrs J had enough information so that they could make a proper choice about whether PPI was right for them. I don't know how much detail the adviser went into with Mr and Mrs J or how things were explained. But even if there were problems with the information and advice that Prudential gave to Mr and Mrs J, I don't think it would've made a difference to their decision. I think Mr and Mrs J would still have bought the policy. I say this for the reasons I've already given above.

So, I've decided that in this case Mr and Mrs J haven't lost out as a result of anything Prudential might've done wrong in relation to the sale of PPI.

my final decision

For the reasons set out above, I'm not upholding Mr and Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 24 March 2016.

Kevin Williamson
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