

## **complaint**

This complaint is about a mortgage payment protection insurance ("MPPI") policy taken out in 1993. Mr and Mrs G complain that they were mis-sold MPPI by Nationwide Building Society trading as Cheshire Building Society ("Nationwide").

## **background**

Mr and Mrs G applied for a mortgage and at the same time they were sold the policy.

One of our adjudicators looked at this complaint and thought that it should be upheld. Nationwide didn't agree with that view, so the complaint has been passed to me to decide.

## **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 this case.

I'm upholding this complaint and I'll explain the reasons why.

At the time of the sale Mr G was self-employed. In order to claim for unemployment under the policy, he would have had to show that his business had ceased trading due to financial insolvency and that his closing accounts had been filed with the Inland Revenue.

Having considered this I think that it was an onerous requirement. It required a self-employed person to do something over and above what an employed person who had just been made redundant would have had to do to make a successful claim for unemployment. It also suggested that Mr G's employment would have had to change with some degree of permanency or finality for him to make a successful claim.

Nationwide didn't recommend this policy to Mr and Mrs G, so didn't have to make sure that the policy was suitable for them. But it did have to give them sufficient information to decide whether to take it out.

Nationwide told us that Mr and Mrs G would have been given a leaflet which told them to read the full policy document. But I don't think that simply referring them to the document was a fair way of highlighting the terms and conditions about self-employed persons. In any event Nationwide also told us that the policy document wouldn't have been sent to Mr and Mrs G until after the sale, so it wouldn't have been of help to them at the time when they were making the choice whether or not to take out the MPPI.

Nationwide also told us that its representative would have explained the condition to Mr and Mrs G. However, based on the information that's been provided to me, I'm not persuaded that it's likely the representative did this. Looking at the paperwork from the time, I can't see anything that would have prompted the adviser to flag up or explain the condition. And I would question why - if the representative had given Mr and Mrs G this information - they would have decided to take out a policy which required Mr G to comply with an onerous term. So overall, I think it's unlikely that Nationwide informed Mr and Mrs G about the condition.

I think that Mr and Mrs G would have thought this was important information, as the unemployment cover was a significant part of the policy. If they'd known about the requirements Mr G had to meet in order to claim for unemployment, I don't think they'd have thought the policy was good value for them and I don't think they'd have taken it out.

It follows that I'm upholding this complaint.

### **what the business should do to put things right**

Nationwide should put Mr and Mrs G in the position they'd be in now if they hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and Nationwide should:

- Pay Mr and Mrs G the amount they paid each month for the PPI
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mr and Mrs G made a successful claim under the PPI policy, Nationwide can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Nationwide to take off tax from this interest. Nationwide must give Mr and Mrs G a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

I'm upholding this complaint and Nationwide Building Society is required to pay Mr and Mrs G fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 30 October 2015.

Katrina Hyde  
**ombudsman**