

## **complaint**

Mr and Mrs P say The Prudential Assurance Company Limited (“Prudential”) mis-sold them a mortgage payment protection insurance (PPI) policy when they re-mortgaged in September 1999.

## **background**

In my provisional decision of 24 May 2018 I explained that I thought Mr and Mrs P’s complaint should be upheld. I didn’t think Prudential should have recommended the PPI policy to them because the self-employment terms would have made it difficult for Mr P to claim under the unemployment part of the policy.

Mr and Mrs P had nothing further to add. Prudential didn’t agree with my provisional findings and gave me some further information to look at.

## **my findings**

I’ve re-considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint, as well as the new information Prudential has given me.

We’ve set out our general approach to complaints about the sale of PPI on our website and I’ve taken this into account here.

Having done so, I’ve decided to uphold Mr and Mrs P’s complaint and I’ll explain why.

In response to my provisional decision Prudential said:

- Their records show that Mr P was no longer self-employed by November 1999 and this would have made any potential claim more likely to be successful.
- Although Mr P would not have been able to carry out basic tasks while trying to recover his business (to be able to make a successful claim), this wouldn’t have precluded Mrs P from undertaking these tasks.
- They consider if a claim has been made, this suggests the arrangement was appropriate.

I’ve thought carefully about what Prudential have said. But when looking at whether the PPI was mis-sold and if the advice given to Mr and Mrs P was suitable, I’m looking at their circumstances at the point of sale. I can see that Mr P was looking for other employment at the time, and it looks like he secured this a few months after the sale. However, I don’t think he’d have known how long it would take to find a job, or the nature of that role when the policy was sold. So I still don’t think Prudential should have recommended PPI to cover him at that time. If Prudential had told Mr P that the policy wasn’t suitable for him because he was self-employed I don’t think he’d have taken it out. I accept that Mr P may have then wanted to take some cover when his circumstances changed, but this is too uncertain for me to say it’s likely.

Prudential recommended PPI to cover Mr P only. So the suggestion that Mrs P could have carried out the tasks in trying to recover Mr P's business (so that he could claim on the policy) doesn't make me think their recommendation was suitable or change my decision.

I don't have details of a claim. But I don't think because Mr and Mrs P may have claimed on the PPI policy it means that it was a suitable recommendation for their needs at the time. Prudential can take any claim into account when working out Mr and Mrs P's compensation as set out below.

### **putting things right**

Prudential should put Mr and Mrs P back in the position they would be in now if they hadn't taken out the PPI. The policy should be cancelled if it is still running and Prudential should:

- pay back to Mr and Mrs P 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 8% a year<sup>†</sup>.

If Mr and Mrs P made a successful claim under the policy, Prudential can take off what they were paid for the claim from the amount it owes them.

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

### **my final decision**

For the reasons I've explained, I uphold Mr and Mrs P's complaint.

The Prudential Assurance Company Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs P to accept or reject my decision before 27 July 2018.

Hannah Eykel  
**ombudsman**