

complaint

This complaint is about the sale of a regular premium mortgage payment protection insurance (MPPI) policy. The policy was sold in July 2000 by The Prudential Assurance Company Limited (Prudential).

background

Mr and Mrs B say they were mis-sold this policy when they were re-mortgaging. They say they were led to believe the policy had to be taken in order to get the mortgage.

Our adjudicator who looked at this case thought it shouldn't be upheld but Mr and Mrs B disagreed and it's been passed to me for an ombudsman's decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We have set out our general approach to complaints about the sale of PPI on our website and I have taken this into account in deciding this case.

Having done this, I've decided not to uphold Mr and Mrs B's complaint.

These events took place some time ago so it's not surprising that many of the original sale documents are either incomplete or no longer available. I can also understand that Mr and Mrs B may not be able to remember everything about the sale.

The policy was sold during a meeting Mr and Mrs B had with an adviser from Prudential. Mr and Mrs B said they couldn't remember whether this was an advised sale where Prudential recommended the policy to them. Prudential has said it probably was, so I've assessed the case on this basis. This meant Prudential was under an obligation to make sure the policy was suitable for Mr and Mrs B's needs.

We don't have the original MPPI application form but there are other documents which suggest to me there was a long discussion between the parties about Mr and Mrs B's circumstances. I think Mr and Mrs B engaged in these discussions because I can see they were asked to sign a number of documents.

The first thing I looked at was whether they were ever given an option in buying this policy. Without the original application form, I can't be certain about this but I note that Mr and Mrs B previously had MPPI cover on their previous mortgage, with another provider. They switched from that product to the Prudential one during these re-mortgaging discussions.

So this suggests to me that Mr and Mrs B would have been more likely to understand what this type of policy was for and also that they were attracted to the type of cover it provided. I've also been sent part of the *Personal Financial Review* from this sale, which is a record about Mr and Mrs B's financial circumstances and priorities of the time.

I think this would've been completed during their meeting with the adviser and there's a section on it about MPPI which says "*do you want to proceed with our cover?*" Next to this there are two boxes: a 'yes' box and 'no' box. The 'yes' box is ticked and the form is signed by both Mr and Mrs B.

I think that these events and documents, taken together, make it more likely than not that Mr and Mrs B were aware they were buying this MPPI policy and that they would have known it was optional. I think they'd have known they didn't need to buy it to get the mortgage.

Next, I looked to see whether I thought the policy was suitable for them. I looked at their age, jobs and general circumstances of the time to help me decide this. Mr and Mrs B couldn't specify any sickness related benefits they had through their jobs. I'm aware their income at the time was moderate and they told us they didn't have any savings. In the event of a successful claim, the policy would have paid out a monthly benefit to help with their mortgage repayments. I think the cost of the policy was comparable with others I know were being marketed at around that time and I've no evidence it was unaffordable for them.

So I can see they could have had a use for this type of cover. They'd had it before and this type of policy was designed to help in times of financial difficulty. I don't think the policy – or the way it was set up to cover them both – was unsuitable for them.

Prudential still had to provide information about the MPPI that was clear, fair and not misleading to allow Mr and Mrs B to make an informed decision about buying it. Prudential said they would have been given details about the cover and it sent us an example of type of information Mr and Mrs B would have been given, including a letter which explained how to cancel the policy. Obviously, after this length of time I can't say they received this or that they were told everything they should have been told during their meeting with Prudential.

But I don't think this would have made any difference in this case. I think the evidence points to Mr and Mrs B buying this type of cover because they were familiar with it and they thought it would be of use to them. I also see they were sent a letter in 2002 which advised them the policy was under renewal and recommended they re-assess their situation. I think that because they retained the MPPI cover for some years after this, this too suggests the policy was something they were aware of and wanted.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs B's complaint and I don't direct The Prudential Assurance Company Limited to do anything to put matters right. Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B to accept or reject my decision before 9 November 2015.

Michael Campbell
ombudsman