

complaint

Mr and Mrs B complain that The Prudential Assurance Company Limited (“The Prudential”) mis-sold them a payment protection insurance (“PPI”) policy alongside a mortgage in 1999.

background

In December 2016 I issued my provisional decision. In it I explained why I didn’t intend to uphold this complaint. Here is an extract of that decision below:

“This policy cost Mr and Mrs B a monthly premium of £32.31 initially and was intended to cover their monthly mortgage payments of around £300. The policy would have covered Mr and Mrs B for accident, sickness and unemployment and would have paid out for up to 12 months per successful claim.

Having thought carefully about everything I’m intending not to uphold this complaint. I will explain why.

I think The Prudential recommended the policy to Mr and Mrs B. In a recommended sale, The Prudential had a greater responsibility than if it had just given information only. And that meant it had to take reasonable steps to make sure it was suitable for their particular circumstances. It also had to give clear information so that Mr and Mrs B could decide for themselves whether or not to take out the policy.

The personal recommendation summary says that The Prudential representative discussed the merits of taking out a mortgage payment safeguard plan. I can’t say what exactly was discussed when Mr and Mrs B decided to take out the policy. But I can see that Mr and Mrs B would have discussed their mortgage and the PPI. And the personal recommendation summary shows Mr and Mrs B didn’t want to discuss any other products. It seems as though Mr and Mrs B would have had to complete an application form for the PPI and that they would have received a letter confirming the insurance had been put in place. I think they could have questioned the PPI if they didn’t want it. So I think it’s likely that Mr and Mrs B chose to take out the PPI knowing they could refuse it if they didn’t want it.

The Prudential says that Mr and Mrs B would have been given a mortgage quotation which showed the PPI premium as a separate monthly charge to their payments. Unfortunately due to the time that has passed, The Prudential is unable to provide me with a copy of this document. This isn’t surprising or unusual but where the evidence is incomplete I will make the decision on the balance of probabilities – that is what is most likely to have happened.

Having looked at everything carefully, I can’t say this policy was unsuitable for Mr and Mrs B’s circumstances. I say this because:

- *Mr and Mrs B were eligible and wouldn’t have been affected by any of the main things which might have made it more difficult to claim. So I think Mr and Mrs B could have made a successful claim if they had needed to.*
- *Mr and Mrs B say that they would have received sick pay from their employers and that they had some savings they could rely on. But this policy would have paid out the monthly benefit in addition to any sick pay they would have received and for longer. And it would have meant that they could use any savings they had for other important living*

expenses. As their mortgage was secured on their home I think Mr and Mrs B might have valued the peace of mind it would have given them if they fell into difficulty.

- *I can't see anything which makes me think the policy was unaffordable for them.*

As not all the paperwork is available from the time, I can't say what was said to Mr and Mrs B about the cost or the policy terms. It's possible that not all the information they might have needed or wanted would have been given to Mr and Mrs B at the time of the sale. But I don't think this would have made a difference to Mr and Mrs B's decision to buy the policies. I think more information would have shown Mr and Mrs B that the policies were suitable for them as I've explained. And I don't intend to uphold this complaint. I'm sorry to disappoint Mr and Mrs B."

I then asked Mr and Mrs B to come back to me with anything further they wanted me to look at before I made my final decision.

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 payment protection insurance on our website and I've taken this into account in deciding this case.

Both parties confirmed they had received my provisional decision. The Prudential didn't want to add anything further.

Mr and Mrs B said in summary:

- At no point were they given the option to have no protection. They say they had no choice as they were told it had to run alongside their mortgage.
- The monthly cost could've been better used for other expenses especially as they had a young family to bring up.
- They both had protection with their employment so they didn't need the policy.

I have thought about everything carefully. From the paperwork I think it would've been important to Mr and Mrs B at the time to protect their mortgage payments. The personal recommendation summary shows Mr and Mrs B were clear about which products they wanted and which they didn't want or weren't interested in. There isn't anything in the paperwork which makes me think Mr and Mrs B had no option but to take the PPI. So although Mr and Mrs B have said that they had no choice, there isn't anything in the paperwork I've seen which makes me think that.

I appreciate with hindsight that Mr and Mrs B feel that the monthly cost could've been better used for other expenses. But as they were taking out a new financial commitment, I can understand why at the time they might have wanted to make sure that their mortgage would be paid if they fell into difficulty.

I can also see that they would've had sick pay from their employers but this policy would have paid out for longer than any sick pay they might have got and in addition to any savings

they had. As the mortgage was secured over their home, I think they would have thought it would be important that they could meet their monthly mortgage repayments and they might have valued the peace of mind the policy gave them.

Taking everything into account I don't uphold this complaint – I'm very sorry to disappoint them.

my final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 24 February 2017.

Nicola Woolf
ombudsman