

complaint

Mr and Mrs C say Yorkshire Building Society trading as 'Chelsea Building Society' ("Chelsea") mis-sold them a mortgage payment protection insurance ("MPPI") policy.

background

This complaint is about a regular premium MPPI policy taken out with a mortgage in 2002. Mr and Mrs C applied for the MPPI in a meeting.

Our adjudicator upheld the complaint. Chelsea disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 Mr and Mrs C's case.

I've decided to uphold Mr and Mrs C's complaint because:

Chelsea has told us that it didn't recommend the policy to Mr and Mrs C. Mr and Mrs C have said the policy was recommended to them. I don't know what was discussed when Mr and Mrs C agreed to take the MPPI policy. But regardless of whether or not a recommendation was made, Chelsea was obliged to provide Mr and Mrs C with enough clear information about the policy to decide if they wanted to take it. And I don't think Chelsea did this. I say this because Mrs C has told us that at the time they took out the policy she suffered from a pre-existing medical condition. Looking at the policy's terms and conditions I can see that pre-existing medical conditions would not have been covered. Chelsea has told us that it provided Mr and Mrs C with information regarding the policy's exclusions and that they would have been aware of these when they agreed to take out the policy. However from the evidence provided by Chelsea I can see that the exclusions relating to medical conditions aren't mentioned until page 15 of the policy booklet. And there is no mention of these exclusions at all on the 'confirmation slip' Chelsea says Mr and Mrs C signed. So I don't think these exclusions were made sufficiently clear to Mr and Mrs C at the time of sale.

I don't think Mr and Mrs C would have bought the policy if they had had enough information about the policy. So, I think Mr and Mrs C have lost out because of what the business did wrong.

I've taken into account Chelsea's comments. But I still think I should uphold the complaint.

fair compensation

Chelsea should put Mr and Mrs C 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 Chelsea should:

- Pay Mr and Mrs C 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[†].
- If Mr and Mrs C made a successful claim under the PPI policy, Chelsea can take off what they got for the claim from the amount it owes them.

[†] HM Revenue & Customs requires Chelsea to take off tax from this interest. Chelsea must give Mr and Mrs C 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 C's complaint.

Yorkshire Building Society should pay Mr and Mrs C compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 15 February 2016.

Karen Hanlon
ombudsman