

complaint

Mr and Mrs P say they were mis-sold a mortgage payment protection insurance (MPPI) policy, which was taken out in 2004.

The policy was originally sold by Halifax Insurance Ireland Ltd. However, St Andrew's Insurance plc has taken over responsibility for all these policies and I'll be referring to it throughout this decision.

background

Mr and Mrs P took out this MPPI policy around 5 years after taking out their mortgage. They say it was taken out when they applied for further lending. The policy covered both of them in the event of either being absent from work through sickness or losing their jobs.

Our adjudicator who looked at this case said the complaint shouldn't be upheld. But Mr and Mrs P disagreed and asked for it to be passed to an ombudsman for a 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 PPI on our website and I've taken this into account in deciding this case.

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

These events took place some time ago and there isn't much paperwork from the sale to refer to, but given how long ago it was this isn't necessarily unusual. Nor would I expect Mr and Mrs P to remember every detail of the sale.

The crux of the complaint is that Mr and Mrs P say they were coerced into taking out an MPPI policy when they wanted to borrow more money. They say they reluctantly agreed because they were made to feel it was compulsory.

It's disputed how this policy was actually sold with St Andrew's saying it was sold via a marketing process and Mr and Mrs P saying it took place in a bank branch. So it's not entirely clear whether this policy was recommended as part of an 'advised sale'.

I'm going to put St Andrew's to the higher test in this case and say it should have made sure the policy was not only clearly explained to Mr and Mrs P, but that it was also suitable for them. And because there aren't many sale documents still left, I'm going to use both what I've been told by the parties – and also what I know about how these types of policy were typically sold – in reaching my decision. My decision is based on what's more likely to have happened, given the disputed and difficult nature of this case.

What I do know is that Mr and Mrs P operated a mortgage for some years without any MPPI. Because of this I think they'd have been able to see that having a policy like this wasn't something that was compulsory.

So when they eventually did buy an MPPI policy – whether it was through a marketing process or whilst applying for more money – I think they'd have been able to use this

knowledge to see that their mortgage and the MPPI were distinct and separate things. I think they would have been able to understand they had a choice about whether or not to buy it.

I then looked at whether I thought the MPPI was suitable for Mr and Mrs P. After such a long time, this can be difficult to judge. Whether consumers feel the need for protection like this can depend on a number of factors including their attitude to risk and their overall financial situation.

Mr and Mrs P told us they enjoyed protection from sickness through their respective jobs and because of this, they didn't need the cover. I can understand why they've said this but this doesn't necessarily mean the cover wasn't of use to them. Policies like this are there to help in financially difficult times and this particular policy could have helped by paying a monthly sum for up to 24 months. So the policy could have paid out in addition to – and longer for – any work related benefits they had.

Mr and Mrs P themselves say they were borrowing more and I think this could have changed their attitude to MPPI between the original mortgage in 1999 and the application for the policy in 2004. The cost of the cover was £49 per month, but given the protection it offered, I don't think this was substantially different from similar types of cover being marketed at around that time.

So whilst I can't say with certainty *why* Mr and Mrs P agreed to take this cover, I know that a mortgage is a significant and long-term financial commitment. Looking at both their circumstances, and the benefits the policy had, I can see how they could have had a use for it.

Taking all these factors into account, I don't think the cover was unsuitable for them.

Finally I looked at whether I thought Mr and Mrs P were given enough information. St Andrew's sent me a copy of the policy document which it said would have been given to Mr and Mrs P. From similar St Andrew's sales from around that time I know it was also common for it to issue an MPPI Schedule which set out all the costs and information about who and what was covered.

I can also see that in this case Mr P was given a direct debit mandate to sign on 15 September 2004 authorising monthly payments for the MPPI to be drawn from his bank account. This made it clear the policy was covering the full monthly mortgage amount. I think because the way this mandate was set out, with all the costs on it, Mr and Mrs P would have been able to see this new policy was, in fact, covering their entire mortgage.

St Andrew's needed to give information to Mr and Mrs P about the MPPI policy that was clear, fair and not misleading. Overall in this case, I think it's more likely than not that it did this.

I appreciate these events took place some time ago and I don't doubt Mr and Mrs P have given us their best recollection of events. But in this case, the circumstances suggest they had a choice and I'm therefore not upholding this complaint.

my final decision

For the reasons set out above, I don't uphold this complaint. And I don't direct St Andrew's Insurance plc to do anything to put matters right.

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

Michael Campbell
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