

complaint

This complaint concerns the sale of a regular premium mortgage payment protection ("MPPI") policy sold in 1998, in connection with a mortgage.

The policy at the time of sale provided a monthly benefit of £250 for up to 12 months in the event of a claim for accident, sickness or unemployment.

Miss B says that Nationwide Building Society ("Nationwide") mis-sold her the policy.

background

Nationwide did not uphold Miss B's complaint. She now complains to this service with the assistance of her representative. The adjudicator who dealt with her complaint also concluded that the complaint should not be upheld.

Miss B now asks for an ombudsman to review her complaint.

my findings

I have included only a brief summary of the complaint above, but I have considered all of the available evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances. In doing so I have also taken into account the law and good industry practice at the time the policy was sold.

The key questions I will consider in this case are as follows:

- Whether Nationwide gave Miss B information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.
- If Nationwide was giving advice or making a recommendation, whether it took adequate steps to ensure the product being recommended was suitable for Miss B's needs.

If there were shortcomings in the way in which Miss B was sold the policy, I will also consider whether she is worse off as a result; that is, would she have done something differently – such as not taken out the policy – if there had been no shortcomings.

I have decided to not uphold this complaint. I explain why below.

basis of sale?

Nationwide says that the sale proceeded on a non-advised basis during a meeting with one of their representatives. Miss B in her latest service questionnaire agreed. I too agree. The documentation from this sale supports the view that this was a non-advised sale. The emphasis within the documentation I have seen is upon the customer being provided with information to make their own choice. It would have been incumbent therefore for Miss B to make her *own assessment* of her *own circumstances* at the time and to decide upon the information presented whether the MPPI met her needs. Of course, the obligation was still upon Nationwide to provide information which was clear, fair and not misleading.

did Miss B have a clear choice concerning their MPPI selection?

Miss B believes that she did not have a choice about opting for the MPPI and that the cover was sold to her as a pre-requisite to securing the mortgage she was applying for. Both Nationwide and Miss B agree this was a branch sale conducted in person with one of Nationwide's representatives. The documentation from the sale clearly suggests that a conversation took place – as would be expected. The application form is pre-populated with answers given by Miss B to her details such as earnings, age, property etc. One of these sections on the mortgage application suggests also that a conversation took place about Miss B's protection requirements. The application here has been populated with the details of Miss B being covered for accident, sickness and unemployment for a period of 12 months with mortgage cover of £250 per month selected. This suggests to me that Miss B and Nationwide had discussed the MPPI to some degree.

Miss B has told me that she was informed by Nationwide's representative that the MPPI as well as other financial products such as level term assurance came as a package deal. I do not doubt what Miss B has told me; however it is just as likely in my findings that she knew the MPPI was optional in nature. I say this because the documentation suggests the MPPI was optional and nowhere on the subsequent mortgage offer is the MPPI mentioned as compulsory. I note too that the MPPI has been present on her account for a number of years. I would have expected Miss B to enquire about the MPPI at an earlier stage if she felt that the MPPI was in any way not optional and raised this with Nationwide sooner. On balance I am persuaded that a conversation took place with Miss B about her mortgage protection requirements and that she was aware the MPPI was optional and chose to take it. Miss B's complaint does not succeed on this basis.

was the information presented in a clear and fair way?

Miss B lived and worked in the UK and was employed and was aged between 18-65 at the point of sale. I am satisfied that she was eligible for the policy.

I have also considered the policy's significant features and limitations and it appears that Miss B was not caught by any of the restrictions or limitations of the policy. She has told me she was in good health so therefore would not be affected by terms which would preclude claims based upon pre-existing medical conditions for example. Miss B could therefore expect to benefit from the policy in the event of a need to claim.

I am persuaded that conversations about the MPPI took place as Miss B has selected the level of cover she required to protect her income. Nationwide say that a leaflet would have been provided to Miss B too about the policy features. The policy summary discloses the features of the policy, however I cannot be sure that she ever received or read this summary. Even if this policy summary was not disclosed or read by Miss B, I do not feel it would have had a bearing upon Miss B's decision in any event. She would not have been caught by any of the MPPI's significant exclusions or limitations, so better information here would not have dissuaded her from choosing the cover.

Nevertheless, I cannot say for sure that Nationwide explained the costs of the MPPI to Miss B in a clear and fair way. I have noted on the application form that the cost of the policy is not disclosed and indeed the mortgage offer subsequently sent to Miss B is silent as to the policy's costs. The MPPI leaflet I have been referred to by Nationwide explains the costs; however, I cannot say that Miss B ever received this document at the point of sale or that if she did that she read the contents of the leaflet.

There is a real risk therefore of information failings in this sale in terms of explaining the policy's costs. However, before I can uphold a complaint I need to be able to say that a consumer has lost out as a result. That is to say that the information failings in this case have caused Miss B detriment. I cannot safely say in Miss B's case that if she was provided with the necessary information about the policy's costs and benefits in a clearer fashion, that she would have been dissuaded from purchasing this policy. I go on to explain why.

If there were failings I am not persuaded that the information if properly disclosed would have dissuaded Miss B from selecting the policy. Such missing information would have simply revealed that Miss B was eligible and that she would not have been affected by any significant exclusions or limitations of the policy. Miss B's circumstances at the time also suggest that she had a need for MPPI despite her workplace benefits. The MPPI paid beyond her workplace benefits of six months full pay and six months half pay. Furthermore, I am persuaded by the fact that Miss B was a first-time buyer and taking on board a new and significant financial commitment. In my findings she may well have struggled to have met her mortgage repayments after her six months full pay had elapsed. It remains the case that the MPPI would've paid beyond this provision and in any event alongside her workplace entitlements. I have considered the position of family support but I cannot place much weight upon this as this is wholly dependent upon third party circumstances at the time and that such cover may not necessarily match the 12 month MPPI benefit period. The MPPI in my findings would have provided welcome breathing space for Miss B and would have assisted if she was unable to work. The cost of the policy was competitive in the market place at the time and in considering her circumstances was not prohibitively expensive for her. I cannot say therefore that had she been provided with further information about the policy's cost that she would have been put off this purchase in light of her circumstances at the time.

Ultimately, I find that Miss B was aware of the optional nature of the MPPI and selected it in light of her own appreciation of the financial undertaking she was committing to. She was eligible for the policy and appears to have been entitled to the benefit of the policy if the need to claim arose without being affected by the limitations or exclusions to the cover.

Even if the information was not disclosed I do not think it would've dissuaded Miss B from going ahead. It would've simply revealed it was of some benefit to her, affordable and something that she was interested in at the time. Given that her circumstances also suggest that there was a need for MPPI I cannot safely say that she would not have purchased this policy if she was given all the information. As such although there is a risk of information failings in this case I cannot conclude that Miss B would have done something different if the failings weren't present.

As a result of information failings in this sale I cannot safely say that Miss B has suffered any detriment from the MPPI product she purchased. It is just as likely, on a balance of probabilities, that even if the information was available she would not have been dissuaded from what it revealed to her. It follows therefore that the failings in this case have not caused Miss B any detriment.

I do not uphold her complaint.

my final decision

I do not uphold this complaint and I make no award against Nationwide Building Society.

Daniel Lucas
ombudsman