

complaint

Mr and Mrs N complain that they were mis-sold payment protection insurance (“PPI”) by The Prudential Assurance Company Limited (“The Prudential”).

background

Mr and Mrs N took out a mortgage in 1988. At the same time they were sold a PPI policy which covered Mr N and would’ve covered the repayments on their mortgage or up to 12 months at a time if Mr N couldn’t work.

Mr and Mrs N say they were led to believe the policy was compulsory.

The adjudicator thought that Mr and Mrs N’s complaint shouldn’t be upheld. Mr and Mrs N disagree, so the case has been passed to me to make 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 PPI on our website and I’ve taken this into account when deciding this case. Having done so, I’m not upholding Mr and Mrs N’s complaint. I’ll explain why I’ve reached this decision.

Unsurprisingly, given 28 years have passed since this sale took place, there aren’t any documents relating to the sale of the PPI, which took place in Mr and Mrs N’s home. Mr and Mrs N say that the salesman pushed them into taking it by saying it was part of the mortgage agreement. The Prudential say that the PPI wasn’t compulsory, and that Mr and Mrs N would’ve needed to make a separate application for it, and paid for it independently of the mortgage itself.

I can’t know for certain what was said during that meeting. I acknowledge what Mr and Mrs N have said, but as the meeting took place nearly three decades ago I can’t safely rely on their recollections without further evidence. And I don’t have any evidence to suggest that the representative departed from The Prudential’s usual sales practices.

Mr and Mrs N would’ve received the policy document when the mortgage was up and running. The Prudential have supplied a copy of the wording in the accompanying letter which explains what to do if Mr and Mrs N decide they don’t want the policy after all. I think even if Mr and Mrs N thought the policy was compulsory when they bought it, this would’ve made them realise it wasn’t.

So on balance, with the very limited information available to me, I can’t safely say that Mr and Mrs N were led to believe their policy was compulsory. I think it’s more likely that they knew they had a choice and decided to buy it.

I’ve looked at the rest of the sale to see if there’s any other reason why the policy might’ve been mis-sold.

I think it’s likely that The Prudential recommended the policy to Mr and Mrs N. This means they had a duty to take reasonable steps to make sure the policy was suitable for the couple.

Looking at Mr N's circumstance at the time (because it was him who was covered under the policy) I think such a recommendation would've been appropriate.

Mr N was eligible for the policy and wouldn't have been affected by any terms which might've made it more difficult for him to make a claim. So he could've benefited from the full range of cover he paid for.

Mr N had less than three months' contractual sick pay and less than three months' worth of savings available to him. So if Mr N had been too ill to work, or was made redundant, I think Mr and Mrs N would've quickly found it difficult to meet their repayments on their mortgage. So the policy offered them a useful benefit.

The policy was annually renewable, and paid for with a regular monthly premium. It could've been cancelled at any time. And I don't think the policy was unaffordable for Mr and Mrs N.

It's possible Mr and Mrs N didn't receive all the information they ideally should've so they could make up their own minds about whether to buy the policy. But I don't think more, or better, information would've made them act differently and not buy the policy. I think it would've just shown them that the policy was suitable for them in the way I've already described.

So I don't think that Mr and Mrs N have lost out as a result of anything The Prudential might've done wrong.

my final decision

I'm not upholding Mr and Mrs N's complaint so it follows that The Prudential Assurance Company Limited don't have to pay any compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs N to accept or reject my decision before 13 January 2017.

Sally Allbeury
ombudsman