

complaint

Mr H and Mrs S say The Prudential Assurance Company Limited (“Prudential”) mis-sold them a mortgage payment protection insurance (“MPPI”) policy. It was called Mortgage Payment Safeguard Insurance.

background

Mr H and Mrs S took out an MPPI policy with a mortgage in 2000. They paid a monthly amount for the policy. The policy would’ve benefited Mr H or Mrs S if they became involuntarily unemployed.

Our adjudicator didn’t uphold the complaint. Mr H and Mrs S 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 H and Mrs S’s case. After doing so I’ve decided not to uphold the complaint. I know Mr H and Mrs S will be disappointed so I’ll explain how I’ve reached my decision.

- Mr H and Mrs S say they had no knowledge of the policy being sold to them. But after reviewing everything that’s been sent to us I think Prudential did make Mr H and Mrs S aware they had a choice about buying the MPPI, and that they chose to take it.

Prudential hasn’t been able to send us all of the documents that would’ve been used during the sales process but I don’t find this unusual considering how long ago it was. It has been able to send us some of the mortgage application paperwork but only limited documentation for the sale of the policy. This includes samples such as policy documents and it’s confirmed that Mr H and Mrs S would’ve signed a separate application for the policy.

In the absence of further evidence I have to consider this complaint on the balance of probabilities – what I think is *more* likely to have happened at the time. In light of everything we have, I think it is more likely that Mr H and Mrs S applied for the policy. Mr H and Mrs S made a specific choice in the benefit they chose, unemployment only, when the policy did offer other benefits as well such as sickness cover. This suggests a decision being made after a conversation about what the policy offered. And I see from other documents there was a discussion about Mr H and Mrs S’s circumstances and the information recorded looks like they meaningfully engaged in this.

- Prudential didn’t recommend the MPPI to Mr H and Mrs S so it didn’t have to check if it was right for them – it was for them to choose. But its representative did have to give them enough clear information for them to decide whether it was right for them. From the sample documents I’ve seen, and what Prudential has told me was its usual sales process, I think it did give Mr H and Mrs S enough for them to decide whether to take the policy, and what particular benefit to choose.

- Prudential has said the cost of the policy would've been shown on the paperwork that was sent to Mr H and Mrs S. But hasn't been able to give us copies. So I can't be sure this was the case but even if it hadn't I think Mr H and Mrs S would still have bought it.

I say this because I've looked at Mr H and Mrs S's circumstances at the time of the sale. They were both employed but wouldn't have received any employee benefits if they were made involuntarily unemployed. The policy, after the first 30 days of unemployment, would've provided cover for the mortgage for up to 12 months. I think Mr H and Mrs S would've seen this as a benefit for them and their home that they wouldn't otherwise have had. Particularly as it'd help reduce the chance of missed mortgage payments and the serious consequences that could lead to. Any savings they may've had could've been used for other household bills or other expenses.

- As I don't know how the policy was presented to Mr H and Mrs S, it's possible Prudential didn't point out the main things the policy didn't cover – working less than 16 hours per week as an example. But Mr H and Mrs S don't appear to have been affected by any of those things so I don't think this would've mattered.

I've taken into account Mr H and Mrs S's comments, including what they've said about not knowing the policy was added. But because of what I've said, these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr H and Mrs S's complaint.

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

Catherine Langley
ombudsman