

complaint

This is a complaint that Nationwide Building Society mis-sold Mr F payment protection insurance (PPI).

background

This complaint is about a monthly premium PPI policy taken out with a mortgage in 1991.

Our adjudicator said the complaint shouldn't be upheld. Mr F disagreed with the adjudicator's opinion and so the complaint has been passed to me.

I'm only looking at the way the PPI was sold to Mr F. He's also told us he's unhappy Nationwide didn't tell him about the PPI when he was having his home repossessed. Mr F would have to take that up as a separate matter with Nationwide before we could look into that.

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.

The sale of the PPI took place about 18 years ago and none of the original documents from the time are now available – only basic records exist of dates and amounts paid. Also I wouldn't expect someone to recall in detail everything that happened so long ago, so it can be difficult to know how much weight to put on what they remember.

I've borne in mind these difficulties in the evidence when considering the case. As with all cases, I've still had to decide what's most likely to have happened, based on what evidence there is.

I've taken all this into account. However, I've decided not to uphold this complaint. I will explain why.

Mr F has said the PPI was added without his knowledge; and that, if he'd known he had PPI, he would have claimed on it a few years later when he was unemployed. He said that he lost his home with serious consequences for him and his family.

Nationwide says that, at the time, its policy was to make PPI compulsory for mortgages like Mr F's – that is where the value of the mortgage was more than 95% of the property value. It has sent evidence that its mortgage application form said this. It's also sent evidence that it would have sent Mr F statements showing that mortgage protection payments were being taken from his account.

Often we would say it's wrong for a bank adviser to tell customers PPI is compulsory – but that is only when that is untrue, and the customer does have a choice to take the mortgage without PPI. But, in a case such as this, Nationwide is entitled to make PPI a condition of the mortgage, and it is then up to the customer to decide if they want to get a mortgage from a different lender. As long as Nationwide made clear that PPI was a condition of the mortgage, it doesn't mean the PPI was mis-sold.

I think it's more likely than not that Nationwide did tell Mr F that PPI was compulsory – although it wouldn't be surprising if Mr F doesn't now remember, or even if he didn't at the time give it much thought, as it wasn't something he had to decide on – it's quite likely he just looked at the overall amount he'd have to pay out each month to get the mortgage.

Nationwide didn't recommend the PPI to Mr F as being particularly suited to his individual needs. This means it didn't have to check if the PPI fitted his circumstances. It would have been for Mr F to decide whether it was suitable. But, even if it had made a recommendation, I think it would probably have been an appropriate one in his circumstances at the time. He was eligible for the insurance, and finding yourself unable to pay a mortgage can lead to significant difficulties. Mr F was self-employed and so not entitled to employer sick pay or redundancy payments. And it seems he didn't have other means to fall back on to pay the mortgage.

It's hard to know how well Nationwide explained the costs and benefits of the policy. But I don't anyway think it's likely that full and clear information about this would have affected whether Mr F took the mortgage with the compulsory PPI. I say this because the potential benefits were useful in his employment situation.

It's possible Nationwide didn't clearly point out the main things the policy didn't cover. But it's unlikely Mr F would have been affected by any of these.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 January 2020.

Timothy Bailey
ombudsman