

complaint

Mr D and Miss S say Cheltenham & Gloucester Plc ('C&G') mis-sold them a mortgage payment protection insurance ('MPPI') policy.

background

Mr D and Miss S took out an MPPI policy with a mortgage in 2008. They paid a monthly amount for the policy. The policy was in Miss S's name only.

Our adjudicator didn't uphold the complaint. Mr D and Miss 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 D and Miss S's case. After doing so I've decided not to uphold Mr D and Miss S's complaint. I'll explain why.

Mr D and Miss S say C&G didn't explain to them that they had a choice about buying the MPPI. But I think C&G made them aware that it was optional and they chose to take it. C&G has given us a copy of Mr D and Miss S's 'demands and needs' statement along with a copy of their mortgage application and MPPI application. The statement shows both Mr D and Miss S were asked many questions about their personal circumstances and what they needed. The insurance section of the mortgage offer document says that *'you are not obliged to take out any insurance through Lloyds TSB as a condition of this mortgage'*. So there isn't anything in the paperwork which might show it was a condition.

The MPPI box on the 'demands and needs' form was ticked to show MPPI was discussed. This reflected that the adviser had identified a need for cover for accident, sickness and unemployment for Miss S. The adviser has written that Miss S needed the policy in case she was *'off work sick, ha[d]ve an accident or become unemployed'*. The adviser has also written on the form that the MPPI wasn't recommended to Mr D as he wasn't working at the time. He wouldn't be eligible for the cover.

Both Mr D and Miss S signed and dated the 'demands and needs' statement. They also had to sign and complete a separate bank direct debit mandate form for the MPPI monthly payment. This was separate from the mortgage application and mortgage bank direct debit mandate form. So I think Mr D and Miss S would've been aware they were applying for MPPI, and in Miss S's name only.

C&G recommended the MPPI to Mr D and Miss S, and it seems to have been right for them based on what I've seen of their circumstances at the time. Mr D wasn't working so I can see why it seems likely it was important to make sure that the mortgage repayments were made if Miss S couldn't work.

At the time of the sale Mr D and Miss S were taking on a financial commitment secured against their home. Miss S did have some employee benefits in the event of accident, sickness or unemployment. And she had some limited savings to rely upon. But the policy

would've paid out for 12 months alongside, and over and above any employee benefits she may've been entitled to. It would also have meant that any savings Miss S had would've been left intact which may've been useful for any other bills or commitments.

As I don't know what was said at the meeting it's a possibility that C&G could've explained the cost of the policy better than it did. But I don't think that Mr D and Miss S would've avoided paying the monthly cost of £21 for a potential monthly benefit of £274.87, especially given the consequences of defaulting on a debt secured against their home. So even if C&G had provided better cost information I think they would still have bought it. I say this because of the benefits the policy offered if Miss S had made a successful claim.

It's possible C&G didn't point out the main things the policy didn't cover. But Mr D and Miss S don't appear to have been affected by any of those things, so I don't think it would've made a difference to their decision to take the cover.

I've taken into account Mr D and Miss S's comments. I note that Mr D and Miss S had other insurance for critical illness and life cover. The MPPI policy covered them accident, sickness and unemployment so it offered a different cover. Mr D and Miss S say they weren't told they could buy insurance elsewhere but there wasn't any obligation on the business to tell them this. The comments made don't change my conclusion.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss S to accept or reject my decision before 6 February 2017.

Catherine Langley
ombudsman