

## **complaint**

Mr L complains about a single premium payment protection insurance policy ("PPI") added to his loan account by Nationwide Building Society ("Nationwide"). He approached Nationwide for a loan to purchase a car in December 2002. He complains that he was mis-sold the PPI by Nationwide.

## **background**

Mr L complained to Nationwide who did not uphold his complaint. Upon bringing his complaint to this service the adjudicator in this case decided to not uphold the complaint either. Mr L has now asked for an ombudsman to provide a final decision upon the matter.

## **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 Mr L information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about the insurance he 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 Mr L's needs.

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

I have decided to not uphold Mr L's complaint and I explain why below.

### *basis of sale?*

Nationwide says that the sale proceeded on a non-advised basis. Mr L disagrees and maintains that he was advised in this sale. I cannot say safely that this sale was advised; the documentation from the sale equally suggests this was a non-advised sale and I have not seen anywhere within the documentation that a personal recommendation was given to Mr L. As a non-advised sale Nationwide had to ensure that the information it gave to Mr L about the PPI was clear and fair. It was for Mr L, not Nationwide, to decide whether at the time of sale the PPI met his particular circumstances at the time.

### *did Mr L have a clear choice about the PPI he purchased?*

Mr L has maintained that he felt pressured into purchasing this particular policy. He says that at the time of the purchase his employer had announced redundancies and as a result of such news Nationwide told him that to secure the car-loan he required the PPI would have to be taken out. In summary he feels he was pressured in light of his employment situation and that the PPI was a mandatory requirement to securing the lending facility. Given the nature

of these types of sales, I can see that there is a risk that some customers might be put under pressure (whether intentionally or not) to buy such policies – and I do not doubt that Mr L's submissions represent his honest recollections of what took place. However, I hope he will understand that I do not have sufficiently compelling evidence to conclude that he was pressured into taking out the policy. The sale occurred over 10 years ago and although it appears that redundancies were being announced, I cannot say that Nationwide sold the PPI on this basis. There is simply not enough compelling evidence for me to form this view.

I have noted also that the loan agreement from this sale presents the PPI as optional by highlighting in the agreement the cost of "*Optional Credit Insurance*" in bold across the top of the table. It appears just as likely to me that Mr L was aware of the PPI being added to his loan account and has signed on this basis. I am satisfied that Nationwide made Mr L aware of the optional nature of the PPI.

*was the information presented in a clear and fair way?*

I cannot be sure that the terms, conditions, costs and benefits would have been made sufficiently clear to Mr L at the point of sale, or indeed that they were sent to him at a later date. I say this because Nationwide have referred me to their generic sales guide for this product but I cannot establish in any way that this was followed. There is no documentation from the sale other than the loan agreement. As such there is a real risk that there were information failings in this sale. However, before I can uphold a complaint I need to be able to say that these failings would have caused Mr L detriment. That is to say that if he had been provided with all of the information about the product he would not have gone ahead with the purchase of the policy.

I have to evaluate this sale based upon the information I know at the time. As such I look to the loan agreement; policy documentation and terms; what I have been told by both parties, as well as evaluating the circumstances of Mr L at the time.

I cannot say, having examined Mr L's circumstances at the time of the sale, that he would have done anything differently if he was provided with all the information. I explain why below.

At the time of the sale Mr L was employed and working in a full time position and had been for 12 years. He was also aged between 18 and 65 years of age. As such he was eligible for the policy. Furthermore, he has told us that he was in good health at the time of the purchase. I can see that he would not have been caught therefore by the terms and conditions which would usually limit the benefits available from the policy for those who were self-employed or had pre-existing medical conditions. I can see that he may have not realised that he would not be covered for any unemployment which he knew of, or reasonably ought to have known of, by the start of the policy.

However, I am of the view that this term although it may not have been brought to his attention would not have deterred him from purchasing this policy had it been brought to his consideration or better explained. I say this because in response to our adjudicator's view Mr L has told me that he felt relatively secure in his position and role despite the announced redundancies. He has provided clear testimony as to how he felt his role was secure and that he even went as far as explaining this to Nationwide at the time of the sale. It follows that if Mr L felt secure of his position at the time, even if this term had been explained to him, I cannot say it would have deterred him from taking the PPI out.

Mr L has explained that he had sickness pay to the equivalent of two month's full pay and that he was entitled to a favourable redundancy package if he was made unemployed. The policy provided Mr L accident and sickness cover for the duration of a claim, as well as unemployment cover for a maximum of 12 months. The policy also provided life cover in the unfortunate event of Mr L's death. I can see that even if the benefits of the policy were not adequately explained to him, in assuming he was given clearer information, I am satisfied that the benefits would still present as something which Mr L would have found useful. After exhausting his sick pay Mr L may well have struggled to meet his monthly loan repayments. I acknowledge that his parents may have helped, but as Mr L suggests this would only have been temporarily. The PPI here would have provided him with welcome breathing space if he was unable to work. I do not find that Mr L's favourable redundancy package at the point of sale was within his reasonable consideration or contemplation at the time. He has explained that he felt secure in his job. The PPI would also still be of benefit here.

The cost of the policy was clearly explained on the loan agreement and I am satisfied that Mr L was aware of the cost of the policy.

So, I am satisfied that Mr L agreed to take out the PPI policy. Although I cannot be sure that all of the policy information was provided, I think it more likely than not that he would still have taken out the policy even if the information had been clearer. If such information had been provided it would have simply shown to Mr L that he was eligible, was not caught by any of the significant terms and conditions and given his circumstances at the time would be something which he would be interested in. I cannot say therefore that the information failings in this sale have caused Mr L any detriment; it is just as likely in my findings that had he been provided with clearer information he would still have chosen the policy in any event. I do not uphold Mr L's complaint.

### **my final decision**

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

Daniel Lucas  
**ombudsman**