

complaint

Mr T 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 in January 1999. He complains that he was mis-sold the PPI by Nationwide.

background

Mr T 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 T 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 T 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 T’s needs.

If there were shortcomings in the way in which Mr T 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 T’s complaint and I explain why below:

basis of sale?

Nationwide says that the sale proceeded on a non-advised basis. Mr T told us initially that he could not remember if he received advice, but following our adjudicator’s assessment disagrees and maintains that he was advised in this sale. I cannot say that this sale was advised; the documentation from the sale equally suggests this was a non-advised sale. I have not seen anywhere within the documentation that a personal recommendation was given to Mr T. As a non-advised sale Nationwide had to ensure that the information it gave to Mr T about the PPI was clear and fair. It was for Mr T, not Nationwide, to decide whether at the time of sale the PPI met his particular circumstances at the time.

did Mr T have a clear choice about the PPI he purchased?

Mr T has maintained that he felt pressured into purchasing this particular policy. 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 T’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 15 years ago and I cannot say on the limited evidence before me 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. The costs of the PPI are also clearly disclosed in this table. I am persuaded that Mr T was aware of the PPI being added to his loan account and has signed on this basis. I am satisfied that Nationwide made Mr T 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 T at the point of sale, or indeed that they were sent to him at a later date. 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 T 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 T at the time

I cannot say, having examined Mr T’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 T was employed and working in a full time position. 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.

Mr T has initially explained to us that he had no sick pay, but following our adjudicator’s assessment told us he was entitled to the equivalent of three month’s full pay if he was unable to work due to accident or sickness. He has also told us that he had a few thousand in savings but that he could not recall precisely how much. The policy provided Mr T 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 T’s death. I am persuaded that even if the policy benefits were not adequately explained to him, the benefits were still something which Mr T would have found useful. After exhausting his sick pay Mr T may well have struggled to meet his monthly loan repayments. Furthermore, I have not seen any evidence of the extent of Mr T’s savings. Even so, taking into account a few thousand in savings I have been told about, the PPI would still have provided him with useful protection and would enable Mr T to use his savings elsewhere, or to keep them intact. I acknowledge that his family and friends may have helped too, but I cannot say whether this would match the PPI. I say this as the loan was for a long period of time at seven years. I am satisfied the PPI here would have provided him with welcome breathing space if he was unable to work.

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

So, I am satisfied that Mr T 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 T 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 T 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 T's complaint.

other complaint points

Mr T has told me following our adjudicator's assessment that Nationwide knew his circumstances well, having held an account with them since 1988. I do not doubt that this was the case. However, it was for Mr T to understand his own circumstances at the time and to decide whether the PPI met his needs based upon the information provided to him. I do find a risk of shortcomings in the information provision, however I am persuaded that even if the benefits of the policy were better explained, on a balance of probabilities he would have probably done the same thing and taken out the policy. I have considered too a subsequent agreement for a loan Mr T entered into in 2005 with an entirely different business. This is not relevant to the sale I am dealing with and in this regard I have not placed any weight upon Mr T's comments in this regard.

I have considered Mr T's other complaint points and nothing here changes my mind.

I do not uphold this complaint.

my final decision

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

Daniel Lucas
ombudsman