

complaint

Mr and Mrs T complain that Chelsea Building Society mis-sold them a mortgage payment protection insurance ("MPPI") policy.

They feel they didn't need it and were pressured into buying it.

YBS Building Society has taken responsibility for this sale, so I have referred to it as "YBS" throughout this decision.

background

Our adjudicator originally upheld Mr and Mrs T's complaint because YBS had been unable to provide any information or paperwork about it.

But then YBS was able to track down some of the paperwork from the time of the sale and sent it to us. As a result, the adjudicator changed his view of the complaint.

Mr and Mrs T did not agree with this second view and asked for an ombudsman to make a decision on it.

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 have set out our general approach to complaints about the sale of payment protection insurance on our website and I have taken this into account in deciding Mr and Mrs T's case

Having considered this case with care, I have decided that the complaint should not be upheld. I have explained my reasons below.

YBS has told us that the policy would have been sold to Mr and Mrs T during a telephone call set up after they expressed an interest in the policy. I have seen that a box to indicate that Mr and Mrs T were interested in taking MPPI had been ticked in section 9 of their mortgage application. It seems likely that the telephone call to them will have been made as a result of that indication.

The paperwork from the time of the sale does not make me think that YBS recommended a particular policy to Mr and Mrs T. So I shall consider this as an 'information only' sale. This means that YBS had a duty to provide sufficient, clear information about the policy to Mr and Mrs T, but it did not have to make sure that the policy was suitable for their particular circumstances.

It appears that an MPPI declaration form was prepared by YBS as a result of the telephone call. That was then sent to Mr and Mrs T to sign and confirm that they wished to buy the policy. I can see that Mr and Mrs T dated and signed the document about three days after their mortgage offer was sent to them. So I do not think that Mr and Mrs T would have thought that buying the policy was a requirement of securing the mortgage.

Taking all of that into account, I think that Mr and Mrs T knew that they had a choice about taking the cover and decided to do so.

Next I have looked at whether Mr and Mrs T were disadvantaged by any of the conditions or limitations of the policy. I can see from the declaration form sent to them that Mr and Mrs T selected only unemployment cover, rather than the more usual level of cover which also included accident and sickness benefit. This perhaps fits with what Mr and Mrs T told us about both receiving good employer benefits if they were ill or unable to work.

So from the information that Mr and Mrs T have given us, I think that they were eligible for the cover they chose and would have been able to make a successful claim on the policy if either of them had needed to.

The cost of the policy was £13.80 per month. The benefit was £478 per month and would have paid out for up to 12 months. The insurance schedule provided after the sale shows that Mr and Mrs T chose to split the benefit 80:20 in Mr T's favour. I believe that this suggests some consideration of what would best suit their needs before they agreed to buy the policy. As the full cost was shown on the declaration which Mr and Mrs T signed to complete the sale, I think that they found the cost for the benefit offered acceptable at the point when they bought it.

Of course, I cannot know whether YBS gave Mr and Mrs T all the information that it should have during the telephone conversation. Nor can I be certain how much Mr and Mrs T understood about the policy at the time that they agreed to buy it. I appreciate that Mr and Mrs T do not now remember doing so and have given us their best recollection of the sale. But I am satisfied that Mr and Mrs T made an active choice to buy the policy in 2001, and I think they would both have been able to make a successful claim for unemployment had they needed to do so.

I realise that this will be disappointing for Mr and Mrs T, but I do not find that the policy was mis-sold to them.

my final decision

For the reasons that I have explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 8 April 2016.

Roxy Boyce
ombudsman