

## **complaint**

Mr G says that Cheltenham & Gloucester Plc (C&G) mis-sold him mortgage payment protection insurance (PPI).

## **background**

Mr G took out a mortgage with C&G in 2006. At the same time he was sold monthly premium PPI to cover his repayments if he'd been unable to work due to accident, sickness or unemployment.

Mr G says that he was never told that the policy was optional. He felt he had to buy PPI to get the mortgage approved. C&G says that Mr G chose to buy PPI and that it was suitable for him.

The adjudicator upheld Mr G's complaint. C&G disagreed and so the case has come to me for a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the 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 G's case.

I'm upholding Mr G's complaint.

It's agreed that C&G gave Mr G advice about PPI. This means it had to take reasonable steps to make sure that the policy was suitable for him. Mr G was sold a policy which covered him for accident, sickness and unemployment. No claims could be made for the first 60 days of any unemployment or illness. A successful claim could've met his repayments on the mortgage for up to 12 months. It was possible to requalify to make further claims once Mr G had been re-established back in work.

Mr G's employer at the time the sale took place has confirmed he would've been entitled to 12 months full pay if he'd been unable to work due to illness or injury. I think this is a significant benefit which more than duplicates a substantial element of the PPI cover he was sold. He was also in a stable job and had been for several years, so I also think he would've been entitled to reasonable redundancy cover.

C&G has given me copies of various documents to read from the time of the sale. This includes a Demands and Needs Statement. There's an argument that the responses in this section led C&G to believe that Mr G had no employer benefits to fall back on.

But actually the questions C&G appear to have asked Mr G about his situation are framed in terms of the *cover* he had, which could've easily been interpreted by Mr G as being about other insurances. I'm surprised that there's no note about the discussion of what his sick pay entitlement was from his employer. I can't even see that the advice was given with a caution.

So on balance I don't think that C&G's recommendation to Mr G to buy PPI was right. I think it's unlikely that Mr G would've got much use or added value from the policy given the cost. And had there been a fuller discussion at the point of sale I don't think Mr G would've bought the PPI because of this.

So I think Mr G has lost out because of what C&G did wrong.

### **putting things right**

C&G should put Mr G in the position he'd be in now if he hadn't taken out PPI. The policy should be cancelled, if it hasn't been already, and it should:

- Pay Mr G the amount he paid each month for the PPI.
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 8% a year from then on†.
- If Mr G made a successful claim under the PPI policy, C&G can take off what he got for the claim from the amount it owes him.

† HM Revenue & Customs requires C&G to take off tax from this interest. C&G must give Mr G a certificate showing how much tax it's taken off if he asks for one.

### **my decision**

I'm upholding Mr G's complaint so Cheltenham and Gloucester Plc must compensate Mr G as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 November 2015.

Kevin Williamson  
**ombudsman**