

## **complaint**

Mrs S complains that Santander UK Plc trading as Abbey National ("Santander") mis-sold her a mortgage payment protection insurance ("MPPI") policy.

## **background**

Mrs S applied for a mortgage with Santander in 2004. She was sold MPPI at the same time.

Our adjudicator considered this complaint and thought that Mrs S's complaint should be upheld.

Santander didn't agree with that view, so the complaint has been passed to me to consider.

## **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 this case.

I've decided to uphold this complaint and I'll explain the reasons for this.

I've looked at the paperwork from the time of the sale and the testimony of both parties to help me decide what's most likely to have happened. In this complaint, Santander has only been able to provide a limited amount of paperwork and Mrs S is unable to remember a great deal about what happened.

Santander told us that its process from the time of the sale would have made it clear to Mrs S that the policy was optional. An adviser would ask relevant questions, inputting Mrs S's information electronically. A separate direct debit would have been set up for the MPPI, which would have made it clear it was not part of the borrowing and was a separate product.

However, having looked at the paperwork that is available, I doubt that the above process was followed. I say this because I've carefully considered Mrs S's mortgage offer and in section 9 headed "Insurance," where the MPPI should have been set out, it didn't show the policy. In the same section under "monthly payments" where the monthly premium for the policy should have been printed, it stated "not applicable." This makes it look like Mrs S hadn't agreed to take out the policy.

I've considered the possibility that the mortgage application was made first of all and the MPPI was applied for in a subsequent process. In correspondence Santander told us that the MPPI would be discussed once the borrowing had been approved. But when it first responded to the complaint, Santander also told us that the sale took place in a branch and that the date of the sale was on the 2<sup>nd</sup> of December. This is supported by the mortgage application form, which is marked with this date. So it seems most likely that the MPPI and mortgage application took place at a meeting in a branch, and on the same day. In those circumstances I would expect the MPPI policy to be reflected in the mortgage offer, which was dated 4 days later.

Overall, having considered the available evidence, there is insufficient information about how Mrs S's consent was obtained to the MPPI policy being added to her mortgage. In the absence of stronger evidence about how Santander obtained her agreement, I'm not persuaded that it's most likely she consented to take it out.

Santander told us that Mrs S would have been sent a welcome pack including a cover letter and schedule. But it hasn't been able to provide us with a copies or samples of this paperwork.

Santander also told us that Mrs S would have been sent an illustration summary, setting out the monthly cost and benefit of the PPI. It has been able to give us a sample of this summary, which it says would have been in use at the time of the sale. But I note that it is dated almost 10 months after the date of the sale. So I'm not persuaded that I can safely rely on it in deciding whether Mrs S's agreement was properly obtained and whether it was made clear to Mrs S that she had a choice about whether or not to take out the policy.

It follows that I'm upholding this complaint.

### **what the business should do to put things right**

Santander should put Mrs S in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and Santander should:

- Pay Mrs S the amount she paid each month for the PPI
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mrs S made a successful claim under the PPI policy, Santander can take off what she got for the claim from the amount it owes her.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander must give Mrs S a certificate showing how much tax it's taken off if she asks for one.

### **my final decision**

I'm upholding this complaint and Santander UK Plc is required to pay Mrs S fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs S to accept or reject my decision before 9 November 2015.

Katrina Hyde  
**ombudsman**