

complaint

Miss O has complained about the way Pinnacle Insurance Plc has administered her mortgage payment protection insurance (PPI) policy. In particular she's concerned about the maximum level of benefit Pinnacle has said she's allowed, and the level of premiums.

background

Miss O took out PPI in 1999. In 2012 she applied to Pinnacle to have her maximum benefit level increased. When Pinnacle looked at her evidence of income it said she wasn't allowed to increase the benefit level under the terms of the policy. It said she couldn't have a benefit level worth more than 50% of her income. It said the maximum limits had changed since Miss O first started the PPI, and said these changes in the policy had been sent to her. Miss O said she'd never received them.

Our adjudicator said Pinnacle was allowed to change the policy limits in accordance with the terms of the policy. He said Pinnacle had applied the new terms properly and set the premiums and benefit levels correctly.

my findings

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

Having looked at the facts, and Miss O's responses to the adjudicator's opinions, I'm not upholding this complaint. I broadly agree with the adjudicator's reasoning. This means I won't be telling Pinnacle to take further action.

The policy allows Pinnacle to change the terms of the policy, and to change the premium. It has to give due notice of changes. This means the policyholder can cancel the policy and find a new one, if they decide the changes are not suitable for them.

Miss O has said she never received notification of the changes in the policy. I think it's likely Pinnacle did send this out. But even if Miss O didn't receive it, I don't think she's lost out. When she applied to increase her benefit limits, Pinnacle very promptly pointed out the terms of the current policy. So at this point she'd have been able to cancel the policy if she wanted.

Miss O has said she made a successful claim several years ago. She'd then received PPI benefits worth more actually than 50% of her income. Pinnacle had increased its pay out when she'd pointed out it wasn't paying her enough under the terms of the policy at that time.

Even if Pinnacle paid a higher level previously, I don't think this means Pinnacle has to promise Miss O a higher benefit for any later claims. This is because, since that time, Pinnacle has changed the terms of its policy and notified people of this. At the time of her claim, it looks like Pinnacle had led her to believe she'd get a higher amount – this is why it was reasonable to pay that higher amount. But since then it's made clear it will be paying on a different basis.

I also don't think an increase in premiums over the years means the benefits must also increase. Pinnacle has said its costs have increased and that it told its customers this. As

long as Pinnacle has explained what the changing costs and benefits are at the right time, this isn't unfair.

my final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 15 February 2016.

Timothy Bailey
ombudsman