

## **complaint**

This complaint concerns the sale of a regular premium mortgage payment protection insurance (MPPI) policy. Mrs B complains that she was mis-sold the insurance by Santander UK Plc (Santander).

## **background**

Mrs B purchased the insurance in 1994.

The adjudicator did not conclude that Santander had mis-sold the insurance policy and did not uphold Mrs B's complaint. Mrs B does not agree with our adjudicator's view, so the matter has been referred to me for a final decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken account of the law and good industry practice at the time the MPPI policy was sold.

The relevant considerations in this case are materially the same as those set out in our well established general approach to complaints about the sale of MPPI which is published on our website. The key questions I need to consider therefore are:

- Whether in giving any advice or recommendation Santander took adequate steps to ensure that the product it recommended was suitable for Mrs B's needs.
- Whether Santander gave Mrs B information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.

If there were shortcomings in the way in which Santander sold the policy, I then need to consider whether Mrs B is worse off as a result; that is, would she have done something different – eg not taken out the policy – if there had been no shortcomings in this case.

## **basis of sale**

The sale of the insurance took place at a meeting and both parties have agreed that advice was given by Santander. Therefore I have considered whether or not the insurance was a suitable recommendation for Mrs B.

After careful consideration I have decided not to uphold Mrs B's complaint. I set out my reasons below.

## **was the optional nature of the policy made clear?**

In her complaint Mrs B has said that she was pressured to take out the insurance and felt that a failure to do so would delay the mortgage application. In a later submission Mrs B says that that the insurance was not optional and that she believed it to be compulsory.

However the mortgage application form completed by Mrs B has a section headed 'insurance' which lists the various insurances offered by Santander. Applicants are asked to

tick the appropriate boxes for any insurance they would like Santander to arrange. The payment protection insurance and another insurance have been selected by Mrs B. Mrs B has signed the application.

Mrs B's account of how she was made to feel pressured is entirely plausible and I accept that what she says is possible. But I also consider Mrs B's own testimony acknowledges the optional nature of the insurance because she says that failure to take out the insurance would mean a decision on the mortgage could possibly take months. This would seem to suggest that Mrs B believed she would still be granted the mortgage without the protection but that the process may be delayed. In my view it therefore follows that Mrs B would have been aware that the insurance was not a condition of the mortgage.

On balance I am satisfied that by requiring active selection (although not explicitly stated) the optional nature of the insurance was clear to Mrs B.

### **was the product suitable?**

On balance I cannot safely say that the insurance was unsuitable for Mrs B. Mrs B met the eligibility criteria and was not caught by any of the policy restrictions such as those for pre-existing medical conditions. I have carefully considered Mrs B's submission to this service which suggests that she did not need the insurance due to her employer benefits. However the insurance would have paid out in addition to any employer benefits Mrs B had. As the sole person responsible for the mortgage it seems sensible to me that Mrs B should seek to protect her repayments against unforeseen possibilities which might mean she would have difficulty meeting her repayments.

### **was clear information provided?**

I cannot be certain how information was presented to Mrs B during the initial sales meeting. But even if I am not satisfied that Santander drew Mrs B's attention to all the significant features of the insurance policy it doesn't automatically follow from this that I should uphold Mrs B's complaint. I need to be satisfied that Mrs B has lost out as a result – in other words, that she would have acted differently (and decided not to take out the policy) if Santander had explained all the policy's significant features.

But ultimately there is nothing about Mrs B's circumstances which suggest to me that any information she might not have known would have dissuaded her from taking out the insurance. I say this because at the time of sale Mrs B met the eligibility criteria and does not seem to have been caught by any of the significant limitations or exclusions of the policy. For example she was in permanent employment and did not suffer from any pre-existing medical conditions.

Mrs B has said that she was entitled to six months full pay and three months half pay in the event of sickness and that her son could have helped her with repayments. Mrs B also had some savings. However there can be no guarantee that Mrs B's son would have been in a position to help her and she would likely also have other commitments to meet. And the insurance would have paid out in addition to any existing work benefits. The policy cost seems to have varied throughout the term but Santander has said the cost was £15.60 a month in 1994 (rising to 15.75 in 1999 and £17.65 in 2003) and provided a monthly benefit (potentially for 12 months) of £300. It seems to me that the insurance provided Mrs B with valuable protection at an affordable cost.

I have considered Mrs B's testimony that in the event of unemployment she was confident that she could find temporary work to tide her over till she found another permanent position.

But I take the view that the insurance would provide some breathing space in this eventuality and take some of the pressure off a potential job search.

In summary, even if Mrs B's information needs were not met at the point of sale, I do not think this has been detrimental to her. Essentially I think Mrs B chose to accept the cover and this policy provided broadly what I think she would have expected from it. I am not persuaded that Mrs B would have made a different decision (and decided against taking it out) if any of the features had been better explained.

**my final decision**

For the reasons given above, I do not uphold this complaint or make any award against Santander UK Plc.

Paul Bishop  
**ombudsman**