Financial Ombudsman Service

complaint

Mr and Mrs P say they were mis-sold a mortgage payment protection insurance (MPPI) policy, which was taken out in 2005.

The policy was originally sold by Halifax Insurance Ireland Ltd. However, St Andrew's Insurance plc has taken over responsibility for all these policies and I'll be referring to it throughout this decision.

background

Mr and Mrs P took out this MPPI policy around a year after taking out their mortgage. The MPPI covered both of them in the event of either being absent from work through sickness or losing their jobs.

Our adjudicator who looked at this case said the complaint shouldn't be upheld. But Mr and Mrs P disagreed and asked for it to be passed to an ombudsman for a decision.

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.

Having done this, I've decided not to uphold Mr and Mrs P's complaint.

The policy was sold via a marketing process whereby Mr and Mrs P agreed to buy the cover and followed this up by completing some forms and returning them in the post.

Initially, Mr and Mrs P complained they were made to feel that buying the policy was a compulsory part of their mortgage. But our adjudicator pointed out that the two processes were quite some time apart – they'd obtained their mortgage in July 2004 and didn't buy the MPPI until August 2005.

So like our adjudicator, I think this demonstrates that mortgage and MPPI policy were distinct and separate things. And because they'd operated their mortgage for a while without any MPPI, I think Mr and Mrs P would have been able to see the MPPI cover wasn't something they needed to have if they didn't want it.

Mr and Mrs P responded by saying they felt pressured into taking the cover because they were frequently telephoned, offering them the policy.

Mr and Mrs P haven't told us how frequent these calls were but I can appreciate that being asked more than once could be irritating. However taking into account what they initially told us – and looking over the documents I know St Andrew's gave to Mr and Mrs P - I don't think they were 'forced' to take this policy in the way they've described.

I can see St Andrew's sent them a 'welcome letter' in August 2005 which explained how they could change their mind and cancel the policy if they wanted to. I can also see Mr and Mrs P signed a new direct debit mandate authorising the cost of the cover to be taken from their bank account each month. And finally, I note St Andrew's sent them an MPPI Schedule which set out all the costs and information about who – and what – was covered.

Although these were provided after the time that Mr and Mrs P agreed to buy the cover, it supports the view that they knew they had a choice. St Andrew's needed to give information to Mr and Mrs P about the MPPI policy that was clear, fair and not misleading. Overall I think it did this.

I can't say with certainty *why* Mr and Mrs P agreed to take this cover, but having a mortgage is a significant and long-term financial commitment and policies like these are designed to help in financially difficult times. I think the circumstances of the sale and the way the policy was explained to them was enough for Mr and Mrs P to make their own, informed decision about buying MPPI.

I appreciate these events took place some time ago and I don't doubt Mr and Mrs P have given us their best recollection of events. And I know this will be disappointing for them. But in this case, the circumstances suggest they had a choice and I'm therefore not upholding this complaint.

my final decision

For the reasons set out above, I don't uphold this complaint. And I don't direct St Andrew's Insurance plc to do anything to put matters right.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs P to accept or reject my decision before 15 February 2016.

Michael Campbell
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