

complaint

Mr E complains that Santander UK Plc ('Santander') mis-sold payment protection insurance ('PPI') to him when he took a mortgage in 2003.

background

Our adjudicator thought this complaint should be upheld because Mr E had a pre-existing medical condition and Santander didn't make it clear that he wouldn't be able to make a PPI claim if he was off work because of it.

Santander disagreed with that view and so the matter has been passed to me to make 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. We have set out our general approach to complaints about the sale of PPI on our website and I have taken this into account in deciding Mr E's case.

I have decided to uphold Mr E's complaint and I will explain the reasons why below.

When Santander sold this PPI to Mr E, it had to give him enough information about the PPI so he could make a decision about whether it was right for him. That information had to be clear, fair and not misleading.

It looks as though Mr E was originally told about the PPI policy by an 'introducer' and then he bought PPI over the telephone with Santander. I haven't been given a copy of the call recording or a call script from the relevant time. This isn't surprising given the length of time that has passed since the policy was sold. I can't know what was said to Mr E in that telephone conversation. So, I've looked at the documentary evidence that's available from the time to help me decide what's likely to have happened. I've also looked at what the parties said about the sale.

I can see that Mr E had a chronic medical condition, which could have potentially led to more complex medical problems in the future. He had annual checks from his GP and judging from the nature of his condition; it's likely that he had to take daily medication. He wouldn't have been able to make a claim if this condition caused him to be off work. That's because the policy said he couldn't claim in respect of a condition that he'd had treatment for in the year before the PPI started.

It seems likely to me that what was said to Mr E on the telephone when the policy was sold probably followed what the terms and conditions and conditions say. Whilst I can see that the terms and conditions do set out the policy's exclusions, I don't think they are given particular prominence. So, I don't think the person who sold the policy to Mr E would have emphasised them either.

So, the next thing I have to look at is whether Mr E would have acted differently if he'd known he couldn't make a claim in respect of his medical condition. When doing so, I have considered all of the evidence *'in the round'* and I think Mr E would have acted differently. I

say this because I don't think Mr E would have thought the policy was good value for him if he would potentially be excluded from making a claim.

I'm satisfied the policy was mis-sold and that Santander should put that right.

putting things right

Santander should put Mr E in the position he would be in now if he hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Santander should:

- Pay Mr E 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[†].
- If Mr E made a successful claim under the PPI policy, Santander can take off what he got for the claim from the amount it owes him.

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

my final decision

For the reasons set out above, I uphold Mr E's complaint and require Santander UK Plc to comply with the above '*putting things right*' section.

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

Nicola Bowes
ombudsman