

## Complaint

Mrs H complains that an appointed representative of The Prudential Assurance Company Limited mis-sold her a protection policy which included life assurance, mortgage payment benefit, waiver of premium benefit and unemployment cover.

She says she was told she had to take out the policy to get her mortgage agreed and wasn't told it was optional. She also said she didn't have a need for the policy.

## Background

In July 2001, Mrs H met with an advisor who was an appointed representative of Prudential. She was in the process of buying her first property and received information about taking out a mortgage as well as protection advice.

The advisor recommended a policy lasting 20 years that provided £100 of life cover on a level basis. The policy also provided:

- waiver of premium benefit;
- mortgage payment benefit of £400 a month to help cover the mortgage payments in the event of illness or injury;
- unemployment cover of £400 a month to help with the mortgage payments in the event she lost her job.

The illustration set out the cost of the policy and provided a breakdown of the different elements of the cover. The total cost was around £24 a month.

The documentation completed at the time recorded that Mrs H declined life cover and critical illness cover. It explained that a minimal level of life cover was needed for the plan to be written, so for this reason £100 of life cover was included with the policy.

In 2019, Mrs H complained to Prudential about the sale of the policy, but it didn't think the policy was mis-sold. Mrs H then referred her complaint to this service. One of our investigators looked into the complaint. She didn't feel it should be upheld. She said there was enough evidence to suggest that Mrs H had chosen to take out the policy. She didn't think the evidence supported that Mrs H had been pressured into taking out the policy.

Mrs H didn't accept the investigators opinion. In summary, she reiterated the following points:

- She was not told by the advisor the insurance was optional and was just told to take it out.
- She was a 27 year old woman on her own in the sales meeting and inexperienced in this situation. And she was told her mortgage would be rejected if she did not take the policy out – putting her under immense pressure.
- She didn't need the insurance at the time as she was in full time employment with sickness and life cover policies. She also had parents who were in a financially secure position who would have assisted should she have been made unemployed.

As no agreement has been reached, the complaint has been passed to me to make 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. Having done so, I don't think the complaint should be upheld and I'll explain why below.

Firstly, I've looked at the concerns Mrs H has raised about not being given a choice about the policy. She says she was told she wouldn't get her mortgage if she didn't take the policy out. The sale took place many years ago, so it is difficult to know exactly what happened. Mrs H's comments are evidence I take into account – and I've considered them carefully. Prudential say the policy wasn't compulsory, and the advisor didn't pressure Mrs H into taking it out. I've also reviewed the documentation available from the time to help understand what is most likely to have been discussed.

Having reviewed everything, I haven't seen anything to suggest the policy was a compulsory part of an application for a mortgage. Prudential has provided a copy of the fact find document, reasons why report and application form. These documents indicate that Mrs H turned down elements of the advice for products she didn't require (for example critical illness cover). This supports that she was given a choice and she understood that she didn't have to accept everything that was recommended to her. The reasons why report contains a signed declaration that says Mrs H understood there is no obligation to accept the recommendation. There is also a separate application for the policy and this describes the mortgage repayment protection and unemployment cover under a section called optional benefits. This is all evidence to support that Mrs H was given a choice.

I know Mrs H feels strongly that she was put under pressure and wasn't given an option to take out a mortgage without the policy. But taking everything into account, I don't think the balance of evidence supports this. It may be that the adviser was very persuasive in how he explained the benefits of the cover to Mrs H. So, I think it is possible she was told that it was a good idea for her to take the cover she had the greatest need for rather than something she had to have. In reaching my decision, I've thought about what I think is most likely to have happened based on all the evidence available. And having done so, I don't think the policy was sold as compulsory or that Mrs H wasn't given a proper choice about it.

I've also looked at whether the policy was a suitable recommendation for Mrs H. Again, I've reviewed the documentation available alongside Mrs H's recollections to build an understanding of her needs and circumstances at the time. The reasons why report records that her primary needs were protecting her mortgage repayments and unemployment cover. Mrs H was sold a mortgage protection policy that provided the option to take several different benefits all linked to the repayment of a mortgage. As explained above, Mrs H was buying her first property and the policy she took out gave a small amount of life cover, but the main benefits of the policy were mortgage repayment cover (in the event of accident or illness) and unemployment cover.

Mrs H was taking on a new financial commitment, so I think it was reasonable for Prudential to recommend some form of protection. What I need to decide is whether the actual policy she took out was suitable for her needs and circumstances at the time.

I've firstly considered the mortgage protection cover part of the policy. This is designed to help meet mortgage repayments if the policyholder is unable to work due to illness or injury. There is a deferred period before benefit is paid. From the information I've seen from the time of the sale (the fact find document, application form and illustration) Mrs H's policy was set up to provide a benefit that was broadly in line with her monthly mortgage payment (including the cost of the insurance). She did have some sick pay from her employer but according to the fact find this was only for three months. So, this would help her meet her repayments if she was off work for a short period of time but if she was off for an extended period, she did have a need for additional cover. The policy would pay a claim for significantly longer than her work benefits. So, I think she had need for this element of the policy.

The other main benefit of the policy was the unemployment cover. This would help Mrs H meet her mortgage repayments should she lose her job. From what I know of her circumstances, she didn't have much in the way of savings or any other policies that she could use to make her mortgage repayments in this situation. She says her parents were financially stable and would have helped her out. I've no reason to doubt what Mrs H says about the support she expected to receive from her parents. But I'm also conscious circumstances can change over the length of a mortgage term. So, I don't think it was unsuitable to recommend a policy that gave the additional security of unemployment cover – particularly as the monthly premium looked affordable for Mrs H.

It is recorded in the point of sale documentation that Mrs H didn't want or feel she needed life cover. But the policy did include life cover benefit (£100). Prudential say a minimum amount of life cover was required as part of the policy terms. I agree from looking at her circumstances that Mrs H had little need for life cover. But I don't think inclusion of life cover makes the overall recommendation unsuitable. The cost of the life cover was only one pence a month and as it was required to benefit from the other elements of the cover - which I think are suitable. So, for these reasons I think the policy was something Mrs H would find useful if she was off sick for an extended period or lost her job.

Overall, I think the policy was a suitable recommendation for Mrs H and I don't find that it was sold as compulsory.

### **My final decision**

For the reasons given, I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 6 January 2020.

Daniel Little  
**Ombudsman**