

complaint

Mr and Mrs D complained that they did not know that The Prudential Assurance Company Limited had sold them a Mortgage Protection Policy. Therefore they feel that it was mis-sold to them.

background

In July 1993 Mr and Mrs D applied for a mortgage with the Alliance and Leicester Building Society. When they applied for the mortgage an adviser did a review of their personal circumstances and finances. The adviser recommended they have a mortgage protection policy from Scottish Amicable to run alongside the mortgage. If Mr or Mrs D passed away, a lump sum would pay off the mortgage.

Mr and Mrs D said they were not aware the policy was in place. When they complained about the policy, The Prudential had taken over Scottish Amicable. This is why the complaint is against The Prudential.

The Prudential said that at the time of the sale its adviser had provided Mr and Mrs D with the product literature, illustration and policy document. These documents would have provided all the necessary information about the product. Mr and Mrs D signed the documentation and there was no requirement to accept the recommendation. The Prudential also said that all policies had a cooling off period before they started.

Mr and Mrs D complained to The Prudential in January 2015. After it rejected the complaint Mr and Mrs D referred it to this service.

Our adjudicator did not recommend that the complaint be upheld. He concluded that Mr and Mrs D were aware of the policy at the time it was sold to them.

Mr and Mrs D did not accept the adjudicator's findings. They continued to believe they were mis-sold the policy by an employee of Alliance and Leicester who was acting as agent for Scottish Amicable. They said that they did not require the policy and did not know it was attached to the mortgage offer at the time of application.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr and Mrs D said they don't remember being asked if they wanted the mortgage protection policy. The policy was taken out in July 1993 and it is possible that they have forgotten what was said.

The Prudential has stated that it provided Mr and Mrs D with a personal recommendation based on the information that they gave. It has been a long time since the application and it has not been possible to get a copy of the all of the paperwork for this recommendation. There is no note of what was said in the meeting between Mr and Mrs D and the mortgage adviser.

On the application form for the mortgage protection policy there is a paragraph which says "I/We authorise Alliance and Leicester to act on my/our behalf ...and to agree the

Commencement Date of the Policy with Scottish Amicable". The form set out four types of policy. The box for Mortgage Protection Policy was ticked and the others left blank.

The form for the policy had specific questions about their health. These questions have been answered. Mr and Mrs D signed the declaration at the end of the form to confirm that the answers were correct. This makes me think that Mr and Mrs D were present at the time of the sale of the policy. I have also been able to compare the signatures to that which is on our complaint form and they do appear similar.

The Prudential told me that once the form had been completed Mr and Mrs D would have received documentation sent to their home address. It couldn't give me a copy of the letter sent to Mr and Mrs D. However, given that this was its standard policy at the time I have no reason to doubt this. At this point Mr and Mrs D had the right to cancel the policy without cost.

Mr and Mrs D said that they did not notice that they had one direct debit to pay for the policy and a separate payment to the Alliance and Leicester for the mortgage. Mr D said that there were many direct debits coming from his account. But I think it's reasonable to expect people to check their bank statements from time to time. If Mr and Mrs D could not identify the payments then they could have asked their bank about them and stopped the payments.

For many people a mortgage protection plan is a suitable way to make sure that the mortgage is paid if they die or have a serious illness. And mortgage providers will usually suggest such protection is taken out.

I understand that when people take out a mortgage for the first time the amount of paperwork can be confusing. But in this case I do believe that Mr and Mrs D would have had all the paperwork and the chance to ask questions. So it's reasonable to conclude that they should have been aware of the policy.

my final decision

For the reasons set out here, my final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 1 June 2015.

Sue Rossiter
ombudsman