

complaint

Mr and Mrs M complain that The Prudential Assurance Company Limited ('Prudential') mis-sold payment protection insurance ('PPI') to them when they took a mortgage in 2000.

background

Our adjudicator thought this complaint should be upheld. Prudential didn't agree with that view. So the matter has been passed to me to make a final 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.

For the same reasons given by our adjudicator, I've upheld this complaint. I'll explain a little more below.

I think Prudential advised Mr and Mrs M to buy this PPI policy. So, they had to make sure it was suitable for their needs. Prudential also had to give Mr and Mrs M enough information about the policy so they could decide for themselves whether it was a good fit for them. That information had to be clear, fair and not misleading.

The policy was set up to only cover Mr M for accident, sickness and unemployment. So, he thought he would be covered if he was too ill to work or if he lost his job. But before Mr M could have made a claim for the unemployment part of the policy, as he was self-employed, he'd have to satisfy a number of conditions, such as:

- Provide evidence that his business was not financially viable and that his unemployment was not seasonal or predictable in his line or work; and
- Have ceased trading because his business was not financially viable and notified the (then) Inland Revenue of this fact. Mr M could not receive any form of payment or be helping, managing or carrying on any part of the day to day running of his business while he was unemployed.

I've looked at the nature of Mr M's work and I think it would have been quite difficult for him to make a claim under this part of the policy. He wouldn't have been able to conduct any basic administration tasks in connection with his business or take any minor steps to revive it if circumstances changed. I think these terms would have made it more difficult for Mr M to make a claim than a person who worked for an employer. So, it follows that I don't think this policy was suitable for him.

I haven't seen anything to suggest that Prudential pointed out the unsuitable parts of the policy. And because of the type of self-employment Mr M did, I don't think that Mr and Mrs M would have bought this PPI if they'd been told everything they should have been.

So, I've upheld this complaint and I require Prudential to take action to put things right.

putting things right

Prudential should put Mr and Mrs M in the position they'd be in now if they hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Prudential should:

- Pay Mr and Mrs M the amount they paid each month for the PPI;
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year†; and
- If Mr and Mrs M made a successful claim under the PPI policy, Prudential can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Prudential to take off tax from this interest. Prudential must give Mr and Mrs M a certificate showing how much tax it's taken off if they ask for one.

my final decision

I have upheld this complaint and I require The Prudential Assurance Company Limited to comply with the above '*putting things right*' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 18 May 2018.

Nicola Bowes
ombudsman