

complaint

Mrs M complains that London and Country Mortgages Ltd (LCM) mis-sold her a payment protection insurance (PPI) policy.

background

I issued a provisional decision on this complaint in February. In that I said I was not minded to uphold this complaint. A copy is attached and forms part of this 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.

LCM says it has no new information to give us.

Mrs M says two things: that LCM sold her a policy she didn't need and that she was pressured into buying the PPI.

I explained in my provisional decision why I can't look at whether the policy was suitable for Mrs M, so I won't comment further on that.

Mrs M has only now said she was pressured into buying the PPI. Her previous recollection was that she thought she *might* have been told she had to have the policy.

I accept memories change, so I've thought about this carefully. But I remain satisfied that the paperwork from the time made it clear the PPI was optional. Without any detailed recollection or evidence about what happened during the phone call, this new information isn't enough for me to conclude that I should change my provisional decision.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 April 2017.

Sue Peters
ombudsman

copy of provisional decision issued February 2017

complaint

Mrs M complains that London and Country Mortgages Ltd (LCM) mis-sold her a payment protection insurance (PPI) policy.

background

Mrs M bought the PPI policy when she was applying for a mortgage. She said she was sold the policy over the phone and thought she'd been told it was compulsory if she wanted the mortgage. She also said she didn't need it as she had sufficient work related benefits and savings to make the PPI unnecessary.

One of our adjudicators thought the complaint should be upheld as he didn't think LCM had got Mrs M to actively confirm she wanted the PPI – perhaps by signing separately for it. LCM disagrees with this, so I've been asked to look at Mrs M's complaint again.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Our general approach to PPI complaints is set out on our website and I've taken this into account when reaching my provisional decision.

The selling of general insurance only became a regulated activity *in its own right* on 14 January 2005. We can look at some complaints about selling PPI before that date, but only if the sale was ancillary to another activity that we already covered, or if the business was a member of one of our former complaint schemes that would have been able to consider the sale.

When Mrs M bought her policy in 2004, London and Country Mortgages was a member of a former complaint scheme, the Mortgage Code Arbitration Scheme (MCAS). So we can look at complaints about how this business acted when selling insurance, but only in the same way the MCAS could. I'm sorry we didn't explain that to Mrs M earlier.

The only specific obligations the Mortgage Code placed on London and Country Mortgages when selling the policy were those requirements that specifically refer to insurance. That is, those set out in section 3.2 of the Code:

"When providing information to help you to choose a mortgage... we will give you the following:

- *A description of any insurance service which we can arrange (for example, buildings, contents, mortgage payment protection and life insurance);*
- *Whether it is a condition of the mortgage that such an insurance be taken out and whose responsibility it is to ensure that it is taken out;*
- *Whether it is a condition of the mortgage that such an insurance must be arranged by us;*
- *A general description of any costs, fees or other charges in connection with the mortgage which may be payable by you (for example, mortgage valuation fees, arrangement fees and insurance premiums);"*

Mrs M's main complaints are that she thinks she was told the PPI was compulsory and that she didn't need it in her specific circumstances.

I can only consider Mrs M's complaint within the limitations of the points set out above. So I can't look at whether the policy was suitable for her, and I can only consider her complaint about it being compulsory in as far as I can decide whether the insurance was a condition of the mortgage. If it wasn't, I'll also look at whether Mrs M was explicitly told she had to have the PPI when, in fact, she didn't.

was the PPI a condition of getting the mortgage?

I've looked at the recommendation LCM made when it was arranging Mrs M's mortgage. The letter it sent recommended a particular mortgage – largely because it was the best value for Mrs M. Within the recommendation there's a section headed "compulsory insurance" – and it says there's none – she can arrange this wherever she wants.

Underneath that there's a section that says Mrs M qualifies for 6m free PPI cover – but there's no mention that it's a condition of getting the mortgage.

did LCM tell Mrs M the PPI was compulsory when it wasn't?

LCM wrote to Mrs M shortly after she completed her mortgage application. It said that she was entitled to some free PPI cover if she was eligible for it. It went on to say it would contact her to discuss this and that she should complete an enclosed form. I've seen a copy of the type of form LCM used at the time. It asks questions about Mrs M's particular circumstances, and seems largely to be about whether she would qualify for the PPI. There's nothing on the paperwork to imply the PPI was compulsory.

We know Mrs M also discussed the PPI with LCM. And of course, after all this time, I can't be sure what was said. But Mrs M said her recall of the conversation was a bit vague, and she only thought she *might* have been told she had to have the PPI. That's understandable after more than 10 years. But I can see that LCM also wrote to Mrs M to say that if it didn't get the information it needed by a certain date Mrs M might not get the PPI "and your mortgage payments will be left unprotected". That does suggest the mortgage would go ahead without the PPI.

I currently think LCM made it clear the PPI wasn't a condition of the mortgage, and I can't see it told Mrs M it was compulsory when it wasn't.

I think that means LCM satisfied its obligations under the rules in place in 2004, and I haven't seen anything that persuades me it breached the Mortgage Code.

I'm not intending to uphold this complaint. I realise that will be disappointing for Mrs M, and I will of course take any new evidence into account before I reach a final decision.

my provisional decision

I'm not intending to uphold this complaint.

Sue Peters
ombudsman