

## **complaint**

Miss C says that The Prudential Assurance Company Limited (“Prudential”) mis-sold her a regular premium mortgage payment protection insurance (PPI) policy.

## **background**

Miss C took out a mortgage in 1999. At the same time Prudential sold her PPI to cover her repayments if she'd been unable to work due to disability or unemployment. The policy gave a potential monthly benefit of about £400 for up to 12 months for a successful claim.

Miss C's main concern is that she had medical conditions at the time of the sale that made the policy unsuitable. Prudential says that Miss C chose to buy PPI and that it was suitable for her.

The adjudicator upheld Miss C's complaint. Prudential disagreed and so the case has come to me for 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 Miss C's case.

I've decided to uphold Miss C's complaint.

It's agreed that the sale of PPI happened in a meeting. And based on what I've read I think Prudential gave Miss C advice about the policy. This means that it needed to make sure that the policy was suitable for her.

I've read the documents that are available from the time of the sale. These include Miss C's mortgage application and policy documents that Prudential say Miss C would've received. It accepts that the policy would've had restrictions for people with existing medical conditions.

In its final response letter to Miss C in 2012, Prudential noted that *'I can see that Miss C did declare that she had undergone an operation for a chronic condition less than 12 months prior to the start of her cover.'* The letter goes on to acknowledge that this meant she wouldn't have been able to make a claim for any condition related to this illness.

Prudential says that its adviser would've given Miss C enough information about the PPI for her to make a choice about what was right for her. But I can't know for sure what was discussed with the adviser and how the exclusions were presented. At the very least I think Prudential should have advised Miss C with caution about buying PPI because of the restrictions that could've affected her. But I can find any evidence that it did this.

So overall, Prudential hasn't done enough to satisfy me that they gave Miss C the right advice at the right time about the policy restrictions. I think this is important because I don't think she would've realised at the time that she couldn't have made a claim on the policy if it related to her condition.

If Prudential had done what it should've then I don't think Miss C would've bought the policy. If she'd realised that she'd have been caught by the significant exclusion I think she would've decided against buying the policy. I say this because I think she would've thought that the disability cover was a key part of the policy she wanted to buy given her circumstances. And that her medical condition was the most likely reason she'd have needed to use the policy.

### **putting things right**

Based on what I've seen I direct Prudential to put Miss C in the position she'd be in now if she hadn't taken out the PPI. Prudential will have to:

- Pay Miss C the amount paid each month for the PPI.
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 8% a year<sup>†</sup>.
- If Miss C made a successful claim under the MPPI policy, Prudential can take off what she got for the claim from the amount it owes her.

<sup>†</sup> HM Revenue & Customs requires Prudential to take off tax from this interest. Prudential must give Miss C a certificate showing how much tax it's taken off if she asks for one.

### **my decision**

For the reasons I've explained, I've decided to uphold Miss C's complaint. The Prudential Assurance Company Limited should pay Miss C compensation as set out in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 January 2016.

Kevin Williamson  
**ombudsman**