

complaint

Mr and Mrs J say Santander UK Plc (trading at the time as Abbey National) mis-sold them a payment protection insurance (PPI) policy.

background

Mr and Mrs J took out a PPI policy for their mortgage in 1992. Mr and Mrs J paid for the PPI with a regular monthly premium, which didn't attract interest. It would help cover the mortgage payments in case either of them was off work sick or lost their job.

Our adjudicator didn't uphold the complaint. Mr and Mrs J disagreed with the adjudicator's opinion, so the complaint has been passed to me to decide.

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 Mr and Mrs J's case.

I've decided that Mr and Mrs J's PPI policy wasn't mis-sold – I'll explain why.

Because of all the time that's passed, understandably neither side have the original documents from the sale. But I have looked at a sample copy of the application Mr and Mrs J would've used. From that, it looks like Mr and Mrs J would've been given the option to select either "Yes" or "No" to taking out the policy. They would've then had to sign and submit an application specifically for PPI, separately to applying for the mortgage. And to pay for the policy they would've had to set up a direct debit for it, separately to the one for the mortgage.

So it looks like it would've been clear the PPI was an optional extra, rather than something that was necessarily included. And I've not seen any evidence to show that Santander told Mr and Mrs J it was a required part of their mortgage, nor have I seen any wider problems with its sales process from the time. So I think it's more likely that Santander made Mr and Mrs J aware they had a choice about buying the PPI, and that they chose to take it at the time.

Santander has said it recommended the PPI to Mr and Mrs J, so it had to check it was right for them. And based on what I've seen of their circumstances at the time, I think it was. For instance, it doesn't look like they were affected by any of the policy's main exclusions or limitations. Mr and Mrs J have said they aren't sure of what their sick pay entitlements might have been at the time, but I can see that this policy could have helped cover their mortgage payments for up to 36 months if either of them had been too ill to work, and that's likely to be significantly longer than their sick pay would have lasted. It also would have covered them for up to 12 months if either of them had become unemployed. And while they've said they had some savings it's worth bearing in mind that if Mr and Mrs J fell behind on their mortgage payments they were at serious risk of losing their home. So I think the PPI could've been useful for them in protecting their home and giving some peace of mind.

I do appreciate that Mr and Mrs J say they had a guarantor for their mortgage. But I don't think this means the PPI wasn't right for them. The policy would have meant that they

wouldn't need to call on the guarantor to cover their mortgage for some time if something had gone wrong, and would have given some helpful breathing space at what could be a difficult time.

It's possible that the information Santander gave Mr and Mrs J about PPI wasn't as clear as it should've been. The question, then, is whether I think better information was likely to have changed their mind. But as I've explained above, they weren't affected by any of the main things the policy didn't cover, and it could've been useful for Mr and Mrs J in case something went wrong. And the policy wasn't bad value given how much it would pay out in a claim, so overall; I don't think that better information was likely to have put them off taking out the cover.

my final decision

For the reasons explained above, I don't uphold Mr and Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs J to accept or reject my decision before 21 June 2019.

Sophie Mitchell
ombudsman