

complaint

Mr and Mrs P say The Prudential Assurance Company Limited (“Prudential”) mis-sold them a mortgage payment protection insurance (MPPI) policy.

background

This complaint is about a regular premium MPPI policy taken out with a mortgage in 1999.

It’s not clear whether Prudential recommended the PPI to Mr and Mrs P. But even if it did, it doesn’t make a difference to the overall outcome of this complaint. Because of this, I’ve looked at Mr and Mrs P’s complaint on the basis that Prudential did not give them advice about the PPI.

Our adjudicator upheld the complaint. Prudential disagreed with the adjudicator’s opinion so the complaint has been passed to me.

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 P’s case.

I’ve decided to uphold Mr and Mrs P’s complaint because I don’t think Prudential gave Mr and Mrs P clear enough information about the policy. I can see from the policy terms that they could not claim accident or sickness benefit for any existing medical condition. Mr and Mrs P say this wasn’t explained to them – and I’ve not seen anything else which makes me think this important term was clearly brought to their attention.

I think this would have mattered to Mr and Mrs P because Mr P had a medical condition when they bought the policy. They’ve given us a note from his doctor which says treatment for Mr P’s condition started in 1988. Because he had the condition before they took out the policy, it would not have been covered.

Prudential say Mr P was unlikely to take time of work for his medical condition because of what it was. It also says the policy would’ve paid out for conditions related to his existing medical condition – as long as his existing medical condition wasn’t the main reason for his time off work. But Prudential hasn’t given me anything to support what it says. And the policy terms say that Mr P couldn’t claim for his existing condition and any condition arising from it. So Mr P couldn’t have claimed on the policy for everything they expected to be covered. I don’t think they would have bought the policy if they’d had clear information about it. So, I think Mr and Mrs P have lost out because of what the business did wrong.

I’ve taken into account Prudential’s comments. But I still think I should uphold the complaint.

putting things right

Prudential should put Mr and Mrs P 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 P the amount they paid each month for the PPI.
- Add simple interest to each payment from when they paid it until they gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mr and Mrs P 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 P a certificate showing how much tax it's taken off if they ask for one.

my final decision

For the reasons I've explained, I uphold Mr and Mrs P's complaint.

The Prudential Assurance Company Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs P to accept or reject my decision before 29 April 2016.

Maria Cleaver
ombudsman