

complaint

Mr and Mrs D complain that National Westminster Bank Plc ("NatWest") mis-sold them a payment protection insurance ("PPI") policy with their mortgage.

background

Mr and Mrs D were sold a PPI policy with their mortgage in May 2000. The policy cost £15.36 per month and covered a benefit amount of £300. The benefit was split between Mr and Mrs D in proportion to their incomes. It would've paid out for up to 12 months per claim if either Mr D or Mrs D were too ill to work or became unemployed.

Mr and Mrs D say they didn't want or need PPI and that they didn't ask for it.

Our adjudicator didn't uphold this complaint. Mr and Mrs D didn't agree, so the case has been passed to me to make a 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.

were Mr and Mrs D given a choice about PPI?

NatWest provided several documents from the time of sale. Looking at a copy of the mortgage application I can see that it includes a section about PPI (mortgage repayments protector- MRP) and it asks "*Do you want MRP?*" and the answer is recorded as "yes".

Another document provided is a "fact find" where Mr and Mrs D's circumstances were documented and where the advisor recorded at the time of sale what products were discussed with them and what they were interested in. I can see that that Mr and Mrs D agreed to PPI and a level term life assurance, but declined other protection products due to cost, for example serious illness cover or income replacement.

Mr and Mrs D received a letter a few weeks later summarising which products were recommended and what cover they agreed to and which recommendations they declined. It shows that the advisor recommended a PPI benefit of £500 to Mr and Mrs D, but that they chose to limit the benefit amount to £300 to have protection at a smaller cost.

Having looked at the evidence available I'm persuaded that PPI was discussed with Mr and Mrs D. I think they understood they had an option to decline it (as they did with various other products), but that they decided to buy PPI.

was the policy suitable for Mr and Mrs D?

NatWest advised Mr and Mrs D to buy PPI, so it had to make sure the policy was suitable for them. And I think it was for the following reasons:

Both Mr and Mrs D were eligible for the policy and weren't affected by any of the main exclusions which related to existing medical conditions and unusual employment arrangements.

The fact find from the time of sale shows that Mr D wasn't entitled to any sick pay and Mrs D was entitled to six months full sick pay, followed by six months half sick pay. They also say they had a separate accident, sickness and unemployment policy which would've paid out the equivalent of three months full sick pay. However, PPI would've paid out in addition to any sick pay or policies they had and it would've covered them for longer. And it also would've given them some financial support if one of them became unemployed.

Mr and Mrs D's representatives say that the couple had financial difficulties and so couldn't afford PPI. However, I think the policy they bought provided valuable cover for a reasonable price. And as they adapted their benefit amount, so that the policy was cheaper, I think it's likely that they bought a cover they found affordable.

So I think the policy was suitable for their needs.

did NatWest provide Mr and Mrs D with enough information?

I can see from the mortgage offer that the cost and the benefit amount were made clear to Mr and Mrs D. I don't know what information they received about the exclusions of the policy. However, even if they didn't receive all the right information at the right time I don't think it would've changed their decision to buy PPI as they weren't negatively affected by any of the main exclusions.

As I don't think they are likely to have acted any differently if given more information, it follows that they haven't lost out as a result of what NatWest might've done wrong.

my final decision

For the reasons I've explained I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 12 February 2016.

Nina Walter
ombudsman