

complaint

This complaint is about a two single premium and one monthly premium payment protection insurance (“PPI”) policies, all taken out in 1998 with personal loans. Each of the policies covered Mr T but not Mrs T.

The two single premium policies were taken out in March and May that year with the monthly premium policy being taken out in July. Mr and Mrs T say Nationwide Building Society mis-sold all three policies.

background

The background and circumstances leading up to this complaint, which includes Mr and Mrs T’s circumstances at the time of the sale as well as the PPI policy benefits, limitations and exclusions of cover, aren’t disputed. So I haven’t repeated all of this information here.

Our adjudicator did not uphold the complaint.

Mr and Mrs T’s representative disagreed with the adjudicator’s opinion – they didn’t raise any new or additional points but repeated the same complaint points and arguments they’d previously made.

As the complaint couldn’t be resolved informally, it has been passed to me for a final decision.

my findings

Although I have only included a summary of the complaint, I have read and considered all the evidence and arguments available to me from the outset, in order to decide what is, in my opinion, fair and reasonable in all the circumstances of this complaint.

When considering what is fair and reasonable, I am required to take into account relevant: law and regulations; regulators’ rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

We’ve set out our general approach to PPI mis-sale complaints on our website and published some example final decisions that set out in detail how these relevant considerations may apply to PPI sales like Mr and Mrs T’s. I haven’t set out that detailed information here but I’ve taken into account all relevant considerations in deciding their complaint.

Having done so, I’ve decided not to uphold this complaint and I’ve summarised my reasons for this conclusion below:

- I think Nationwide made it clear that Mr and Mrs T didn’t have to take out the PPI and they chose to take it out. I say this because I’ve seen that Mr T ticked a box to show he wanted to take out the PPI with the May 1998 policy. And whilst Nationwide hasn’t been able to provide actual copies of the applications for the other two policies, from what I’ve seen Mr T would still have been given a choice about whether or not to take the PPI cover. Finally, I’ve seen that each of the three loan agreements referred to the PPI as being optional – so Mr and Mrs T would have seen they didn’t have to have the PPI if they didn’t want it or decided to change their minds about it before signing each agreement.

- Nationwide didn't recommend the PPI to Mr and Mrs T - so it didn't have to check that the PPI was right or suitable for them. But it did have to give them enough clear and timely information so they could decide for themselves if it was right for them.
- It's possible the information Nationwide gave Mr and Mrs T about the PPI wasn't as clear as it should've been. But I've found that they chose to take it out - so it looks like they wanted this type of cover. The cover wasn't fundamentally wrong for Mr T. Although Mr T told us about an operation he'd had more than forty years earlier, I don't think better information about the medical condition exclusion clauses in each of the policies would've caused Mr and Mrs T to change their minds about Mr T taking them out. I say this taking into account that the operation was a routine and relatively commonplace operation that was unlikely to have any adverse effect on his health in the future. So I don't think Mr and Mrs T would've acted any differently had they known more about the exclusions.
- It also looks like each of the policies was affordable – so it seems like it would have been useful for them if something went wrong. And the two single premium policies would have provided a pro rata refund when they were cancelled so Mr and Mrs T wouldn't have been left out of pocket. Because of this I don't think Mr and Mrs T would have declined the cover had Nationwide done anything more.
- While the policies contained exclusions on claims relating to mental health conditions, in light of Mr and Mrs T's circumstances at the time of sale and despite its exclusions, the they weren't fundamentally wrong or unsuitable for Mr T. So I think they would have still thought they had some good reasons to take each policy out.

Overall, I consider that Mr and Mrs T would have still taken out PPI. The policies were sufficiently close to what it's likely they thought they were getting, and I think each policy could provide a useful benefit in a difficult time, given their circumstances at the time. And in those circumstances, I think that they would have taken out these policies in any event.

Mr and Mrs T's representative has raised a number of what I consider to be general complaint points, which it says apply to all PPI complaints. These general points include: a claim that the Financial Ombudsman Service is not correctly applying the regulator's rules and guidance for handling PPI complaints; these policies represented poor value because of the number of significant exclusions and limitations of cover coupled with the low claims ratio; and the duty of utmost good faith meant Nationwide should have disclosed the poor value and explained the significance of the limitations and exclusions and the impact it had on the chances of making a claim.

But Mr and Mrs T's representative has not said how these points apply to the specific facts and circumstances of their individual complaint – just that they apply to all PPI complaints.

I have thought about these things and how they might apply in Mr and Mrs T's particular case. But these points don't persuade me to alter my conclusions about what is fair and reasonable in all the circumstances of the complaint – for the reasons I've set out above I don't uphold this complaint.

This means Nationwide doesn't have to do anything to put things right.

my final decision

Overall, having considered all the evidence and arguments to decide what is, in my opinion, fair and reasonable in all the circumstances of this complaint and for the reasons I have set out above, I don't uphold Mr and Mrs T's complaint – so I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 25 September 2021.

Michael Goldberg
ombudsman