

## **complaint**

Mr and Mrs R complain that The Prudential Assurance Company Limited (“Prudential”) mis-sold them a mortgage payment protection insurance (“MPPI”) policy in 1999.

## **background**

Our adjudicator considered this case and was of the view that it should not be upheld. Mr and Mrs R did not agree with this view and asked for the case to be considered afresh by an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our general approach to considering complaints about the sale of MPPI is well-documented and I have considered the issues in accordance with this general approach. This includes taking into account the law and good industry practice at the time the policy was sold.

The key issues I need to consider in this complaint are:

- whether, in giving any advice or recommendation, Prudential took adequate steps to ensure that the MPPI policy was suitable for Mr and Mrs R’s needs; and
- whether Prudential gave Mr and Mrs R information that was clear, fair, not misleading and sufficient to put them in a position to make an informed choice about whether to buy the MPPI policy.

If there were shortcomings in the way in which Prudential sold the policy, I then need to consider whether Mr and Mrs R are worse off as a result. That is, would they be in a different position now if there had not been any shortcomings?

I understand that the insurance was sold at a meeting in 1999 when Mr and Mrs R wanted to take out a mortgage. Both parties have agreed that this was an ‘advised’ sale. This means that Prudential had a responsibility to recommend a suitable policy to Mr and Mrs R, having taken their personal circumstances into account.

Because the policy was sold during a meeting, there is no record of what was said. I must therefore decide this case on the balance of probabilities – what is most likely to have happened – given the testimony of the parties and the documentary evidence before me.

My first consideration is whether Mr and Mrs R were made aware that the policy was optional. I note Mr and Mrs R’s testimony that they felt they were pressured into taking the policy, and did not have any need of the benefits that the policy provided.

Clearly, I cannot know what was said by the adviser during the meeting, and accept that it is possible that something was said that made Mr and Mrs R feel that they needed to take the MPPI cover. However, having carefully considered the documents which relate to the sale of the mortgage and MPPI that have been provided by Prudential, I do not consider that the available evidence suggests that Prudential misled Mr and Mrs R about the optional nature of the policy.

I say this because I note that a comprehensive review of their financial and insurance situation was undertaken and that Mr and Mrs R signed their acceptance of the recorded evidence. I also note that, in the letter sent to Mr and Mrs R after the meeting, the adviser had recorded their decision not to take a range of other insurances recommended to them by him. On balance, I am persuaded that Mr and Mrs R are likely to have been made aware that they had an option about buying the MPPI and that they chose to do so.

I will next consider whether the policy that Prudential recommended was suitable for Mr R – the insured party.

The information available to me indicates that Mr R was in good health at the time of the sale and that he fulfilled the eligibility criteria for the policy. While I cannot be sure how the cover was described to him by the adviser, I am persuaded that he would probably have been able to make a successful claim on the policy had the need arisen. I am therefore of the view that the recommendation of the policy to Mr and Mrs R was not unsuitable. I also do not believe that they would have made a different decision about taking the policy, even if they had received more, or better, information about the terms and conditions.

Turning to the issue of cost, I note that the policy was paid for by a monthly premium at a cost of around £17 per month. This cost was not interest bearing, so the headline cost is the full amount that it was costing Mr and Mrs R each month. The policy provided 12 months of benefit in the event of accident, sickness or unemployment, and the monthly benefit was around £300 – the value of their mortgage repayments.

I note that Mr R has complained that, as he was a public sector worker with good employer benefits, he had no need of the MPPI and considers that it was therefore mis-sold to him. However, I am satisfied that, as a home-owner, Mr R would have had a range of demands upon his finances, and as the MPPI would have paid out in addition to those employer benefits, I do not consider its recommendation inappropriate on those grounds.

Similarly, I note that Mr and Mrs R report that they had extensive savings at the time that they were sold the MPPI, which they offer as further proof that they did not need the policy. Although this assertion is not supported by the financial 'fact find' that Prudential undertook at the time, I do not draw any negative conclusions from that. I consider that Mr and Mrs R may, at the time, have had other plans for the savings they report, otherwise I consider that they may have chosen to reduce the amount of their mortgage.

In summary, much like our adjudicator, I am persuaded that Mr and Mrs R were made aware that the policy was an optional product and I have seen no evidence, beyond Mr and Mrs R's testimony, that undue pressure was applied during the sale. While I cannot be sure how the benefits, conditions and limitations of the policy were presented to them during the sale, the available evidence does not suggest that the policy was unsuitable for Mr R's situation. I am also satisfied that the costs of the policy were presented to Mr and Mrs R and that, despite their other sources of finance, this did not make the policy unsuitable for them. As a result, I am not persuaded that Mr and Mrs R would have acted any differently even if any shortcomings in the sales process had been addressed.

Having considered all the evidence that is available to me, I do not find the recommendation of the policy by Prudential was inappropriate, or that it mis-sold the policy to Mr and Mrs R.

It follows that I do not uphold the complaint. I appreciate that this decision will come as a disappointment to Mr and Mrs R.

**my final decision**

For the reasons set out above I do not uphold Mr and Mrs R's complaint and make no award against The Prudential Assurance Company Limited.

Roxy Boyce  
**ombudsman**