complaint

Mr and Mrs B complain that Yorkshire Building Society ("Yorkshire") mis-sold them a mortgage payment protection insurance ("MPPI") policy in 1998.

They have told us they thought they had to buy the cover to secure the mortgage and did not know that they had a choice about it.

background

Our adjudicator explained why she did not think that the policy was mis-sold. Mr and Mrs B did not agree with this and asked for an ombudsman to look at the case.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We have set out our general approach to complaints about the sale of payment protection insurance on our website and I have taken this into account in deciding Mr and Mrs B's case

Having considered this case with care, I have decided that the complaint should not be upheld. I have explained my reasons below.

Yorkshire has told us that it did not recommend the policy to Mr and Mrs B. The paperwork from the time of the sale does not make me think that it did. So I shall look on this as an 'information only' sale. This means that Yorkshire had a duty to provide sufficient, clear information about the policy to Mr and Mrs B, but it did not have to make sure that the policy was suitable for them.

I have seen the MPPI application form which was completed at the time. It shows that Mr and Mrs B chose to cover both of their mortgage contributions, and that they made a selection about the level of benefit and type of cover that they required. So I think that Mr and Mrs B knew that they had a choice about taking the cover and that they made a personal decision about the cover they wanted.

Next I have looked at whether Mr and Mrs B were disadvantaged by any of the conditions or limitations of the policy. I can see from the application form that they only asked for unemployment cover, rather than the more usual level of cover which also included accident and sickness benefit. This makes me think that Mr and Mrs B made a personal choice about the type of cover they wanted, rather than it being provided under pressure or without their understanding and agreement.

From the information that Mr and Mrs B have given us, I think that they were both eligible for the cover they bought. Neither has told us that their employment circumstances were unusual, and so I believe they would have been able to make a successful claim on the policy if they had needed to.

I can see that the cost of the policy was presented to them as costing £7.38 per month. The total benefit was £250 per month and would have paid out for up to 9 months if either of them had made a claim. I can see that the cover was offered free of charge for six months, which may have helped Mr and Mrs B to decide to take the cover – as I'm sure it was supposed to.

I can see that Yorkshire would have sent them a letter at the end of the free six months telling them what the policy was going to cost them going forwards. I believe that this would have given Mr and Mrs B the chance to question whether they had to buy the policy if they thought they had to have it to secure the mortgage. As there is no evidence that they did that, I think they knew the policy was optional and that they were accepting of the cost for the benefit offered when they agreed to buy it.

Of course, I cannot know whether Yorkshire gave Mr and Mrs B all the information that it should have during the sale. Nor can I be certain how much Mr and Mrs B understood about the policy at the time that they agreed to buy it. But I think that Mr and Mrs B made an active choice to buy the policy and would have been able to make a successful claim on it had they needed to. I do not think that Mr and Mrs B would have made a different decision about buying the policy even if they had been given more, or better, information about it.

It follows that I do not think that the policy was mis-sold to Mr and Mrs B.

my final decision

For the reasons that I have explained, I do not uphold this complaint. I do not require Yorkshire Building Society to make any award to Mr and Mrs B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 18 February 2016.

Roxy Boyce
ombudsman