complaint

Mr S says Cheltenham & Gloucester plc (C & G) mis-sold him a mortgage payment protection insurance (MPPI) policy.

background

Mr S took out an MPPI policy with a mortgage in 1999. It was sold to Mr S in a meeting and he paid a monthly amount for the policy.

Our adjudicator didn’t uphold the complaint. Mr S 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 MPPI on our website and I’ve taken this into account in deciding Mr S’s case.

I’ve decided not to uphold Mr S’s complaint. I know this is likely to disappoint Mr S, but I’ll explain why.

I think C & G made Mr S aware that he had a choice about buying the MPPI, and that he chose to take it.

Mr S says the MPPI was automatically added to his account and he had no option but to accept the insurance.

C & G has sent us some of the paperwork from the time of the sale. On Mr S’s mortgage application, there’s a separate section for insurance. Under *Payment Protection Plus* there’s the option to tick ‘yes’ or ‘no’ to taking out the policy. And on Mr S’s application, ‘yes’ has been ticked and he’s signed the application. C & G has also shown us a separate MPPI application Mr S completed and signed. And I’ve seen nothing else to suggest Mr S didn’t have a choice about the policy – or it was added without his knowledge.

So taking all of this into consideration, I think it’s likely Mr S knew he had a choice about the MPPI – and he decided to buy it.

I think C & G recommended the MPPI to Mr S – and it seems to have been right for him based on what I’ve seen of his circumstances at the time.

Mr S has said he had no need for the policy, because of the sick pay and redundancy he would’ve received from his employer.

He’s told us he had six to twelve months sick pay from his employer – the first six of which were full pay. But the MPPI would’ve paid out in addition to this – and it would’ve covered his mortgage repayments in full for up to twelve months for each claim. So I don’t think Mr S’s employee cover meant the policy wasn’t right for him.

Mr S has also said he had a redundancy package. And when he was made redundant in 2004, he was able to repay his mortgage – using his redundancy pay and the money from an endowment policy he cashed in. But when he was advised to take out the MPPI, he wouldn't necessarily have known he'd be in a position to use his redundancy in this way. Having the MPPI in place also meant he could've used any future redundancy to keep him going while he looked for another job – and the MPPI would've given him peace of mind for up to a year. So I don't think his employee redundancy benefit meant the policy was right for him either.

I think C & G could've explained the cost of the policy better than it did. But even if it had, I think Mr S would still have bought it, because I think he could've found it useful to make repayments on his mortgage.

And I can see that the mortgage was a big financial commitment for Mr S. So I think it's more likely than not that he'd have wanted to protect the payments for this major liability.

It's possible C & G didn't point out the main things the policy didn't cover. But from what he's told us, Mr S doesn't appear to have been affected by any of those things.

I've taken into account all of Mr S's comments, but these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2017.

Guy Johnson
ombudsman