

complaint

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

background

Mr S took out an MPPI policy with a mortgage in 2008. He paid a monthly amount for the policy. Mr S feels he didn't need the policy because he already had life and critical illness cover – and some savings. He also said that it wasn't made clear the policy was optional.

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 PPI 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 because:

- When taking the mortgage it was noted that Mr S chose not to receive a recommendation and illustration for PPI at that time. The key facts document for the mortgage said Mr S didn't need to take out any insurance through Cheltenham & Gloucester. Five months later Mr S signed a separate MPPI application form and direct debit mandate. So I think Cheltenham & Gloucester made Mr S aware that he had a choice about buying the MPPI, and that he chose to take it.
- Cheltenham & Gloucester 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. His life and critical illness policies would've paid out in different circumstances to the MPPI. The MPPI would've met his mortgage repayments for up to 12 months if he'd been unable to work due to sickness or unemployment. Although Mr S had some sick pay and savings, the MPPI would've paid out on top of this. I note his savings equalled about one third of his income at the time he took out the mortgage – so it's unlikely his sick pay and savings would've lasted a whole year. And the MPPI would've left his sick pay and savings available for other things. So, given the importance of keeping up with his mortgage repayments – so as not to risk losing his home – I think the MPPI was suitable for Mr S.
- I think Cheltenham & Gloucester 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 – bearing in mind the importance of keeping up with his mortgage repayments.
- It's possible that Cheltenham & Gloucester didn't point out the main things the policy didn't cover. But Mr S doesn't appear to have been affected by any of those things.

I've taken into account 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 am required to ask Mr S to accept or reject my decision before 19 January 2017.

Phillip Lai-Fang
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