

complaint

Miss W has complained about being mis-sold a regular premium payment protection insurance (PPI) policy by Sequence, an appointed representative of Connells Limited (Connells), in connection with a mortgage in 2006.

background

Miss W considers that Connells acted unfairly by selling her the policy because she didn't know she had a choice in taking it out. She also says that none of the policy details were explained to her, including the cancellation terms.

Connells disagrees saying that the PPI was optional and it was Miss W's choice to buy the policy.

Our adjudicator did not uphold the complaint. Miss W disagreed with the adjudicator's opinion and the case has been passed to me.

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 PPI is well-documented and is set out on our website.

I have considered the issues in accordance with this general approach, which includes taking into account the law and good industry practice at the time the policy was sold, and any regulatory rules and guidance relevant to this complaint.

The main questions I need to consider are:

- Whether in giving any advice or recommendation Connells took adequate steps to ensure that the product it recommended was suitable for Miss W's needs.
- Whether Connells gave Miss W information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the PPI she was buying.

I will also consider how the policy was sold and whether or not Miss W had a choice in this purchase. If there are problems with any of the above I will need to then consider whether Miss W would more likely than not have acted differently as a result.

the policy and how it was sold

Miss W says she was sold the PPI during a branch meeting when she was applying for a mortgage. Connells agrees, and has accepted responsibility for recommending the policy to Miss W.

Miss W bought the policy to cover her mortgage repayments and she paid the premium monthly. In the event of a successful claim for accident, sickness or unemployment (ASU) the policy would have covered Miss W's loan repayments up to a maximum of 12 months.

did Connells make Miss W aware she had a choice?

Miss W said in her complaint that she didn't know that the policy was optional. Connells disagrees saying that Miss W would have been given the option to decline the policy. I have examined the mortgage questionnaire that Miss W signed, which captures her responses to questions and recommendations about ASU cover, amongst other information.

There are a number of instances where Miss W had to choose from a 'yes/no' option in response to questions about ASU cover eg a 'yes/no' option was required to the question "*is it important to you that you can continue to make your monthly mortgage payment and avoid your home being repossessed should you (or your partner) be unable to work due to accident, sickness or unemployment?*". The answer 'yes' is selected. While I can't know exactly what was said during the meeting, this does suggest there was some discussion of whether or not Miss W had a need for cover. I think this might have indicated to her that the policy was not something she had to have.

In the '*protection needs and recommendations*' summary section of the questionnaire a 'yes/no' option was required to indicate whether or not Miss W accepted Connells' ASU cover recommendation. The answer 'yes' is selected, and Miss W has signed the form on the same page. It seems likely to me therefore that Miss W was aware of this record.

I have also examined a Key Facts document (dated the same as the above questionnaire) which lists the recommended insurances and costs in Section 9. This states "*You are not required to buy any insurance through...Sequence*" and refers to the PPI as "*Optional insurance that you do not have to take out through...Sequence*". I think this document confirms the optional nature of the policy that was established through the mortgage questionnaire. Furthermore, Miss W had to sign a separate application form for PPI, which might also have indicated that taking out a policy was not a condition of the mortgage.

Based on the above, I consider that Miss W would have been aware that she had a choice in taking out the policy.

did Connells ensure that the product was suitable?

As this was an advised sale Connells needed to ensure that the policy it sold was suitable for Miss W's circumstances. Based on the above documentation I can see that Connells carried out an assessment of Miss W's needs in relation to the policy. I can't know how much time was spent on the assessment, or how much emphasis was placed on it. However, even if there were shortcomings in the assessment process, I think Miss W would still have taken out the policy for the following reasons:

- Miss W was eligible for the policy and was not affected by any of the policy exclusions, such as a pre-existing medical condition or unusual terms of employment.
- The mortgage questionnaire shows the response '*Don't know*' to a question about whether or not Miss W's employee benefits would cover her repayments. It shows '*No*' to the question "*Will you have emergency savings equal to 9 months mortgage payments available to you?*" In her correspondence with us Miss W says that she had 12 months sickness cover through her employer, though not full pay for this time. Given Miss W's length of time as a teacher at the time of the sale, I think she is likely to have received six months full pay followed by six months half pay. Miss W could have claimed benefits through this policy in addition to any existing employee

benefits that would have covered her mortgage payments in full up to a maximum of 12 months. As this was a new financial commitment for Miss W which had potentially serious consequences in the event of being unable to meet her repayments, I think it likely that this policy would have been attractive to someone with the level of existing cover Miss W had at the time.

- The mortgage questionnaire assessed Miss W's ability to repay both the mortgage and protection, taking into account her income and expenditure at the time, and no issues with affordability were noted. Given the monthly cost of the policy relative to Miss W's total loan repayment and her financial circumstances at the time, I think this would have been affordable for her.

was the information provided clear, fair and not misleading?

Connells had a duty to give Miss W information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.

Miss W said to us in her complaint that she was only told "*brief details*" about the policy. I can see that the monthly cost of the policy was set out in Section 9 of the Key Facts document, and the separate PPI application signed by Miss W also contained the monthly cost of the policy in the section just above the signature line so I think she would have been aware of this. However, I note that neither of these documents mentions the policy benefits.

Connells have provided a copy of the summary document that Miss W would have been provided with at the time of completing the PPI application. This document sets out the policy details including benefits and cancellation terms. I cannot be certain when or if Miss W received this document, and even if she did I don't know if all of the information it contained would have been clear to her. She says for example in her complaint to us that she wasn't aware that the policy would have only paid out for 12 months.

However, for the same reasons stated above, even if Connells did not fully meet Miss W's information needs, I think she would have still chosen to take out the policy as it was suitable for her circumstances.

my final decision

For the reasons outlined above, while there may have been shortcomings on the part of Connells Ltd in the sale of this policy, I don't think Miss W would have done anything differently if these had not taken place. Therefore I don't uphold Miss W's complaint or make any award against Connells Ltd.

Michelle Boundy
ombudsman