

complaint

Mr and Mrs Q purchased a regular premium mortgage payment protection Insurance (PPI) policy from Bradford and Bingley Plc, hereafter "B&B" and the policy came into effect in November 1989.

Mr and Mrs Q consider that B&B has acted unfairly with regard to the sale of this PPI policy.

background

The PPI policy covered Mr Q only and provided cover for him for accident, sickness and unemployment. Mrs Q did not work and was ineligible for PPI. At the point of sale Mr Q was UK resident and in full time employment. In the event of successful claim the PPI would pay benefits which covered the mortgage monthly repayment for up to 24 months (for an unemployment claim) and until the mortgage ended or Mr Q returned to work or retired (in the event of an accident or sickness claim).

Mr Q has said that his employers provided up to three months benefits in the event of accident, sickness or unemployment. Mr Q has also stated he had savings to rely on to make his mortgage repayments in the event of one of him not being able to work.

my findings

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

I have also taken into account the law and good industry practice at the time the policy was sold.

Our general approach to considering complaints about the sale of PPI can be found on our website. It seems to me that this approach deals with the relevant issues I need to consider in this particular case. The key questions I need to consider therefore are:

- If B&B gave any advice or recommendation, did it take adequate steps to ensure the product it recommended was suitable for Mr Q's needs;
- And did B&B give him information that was clear, fair and not misleading so he was put in a position where he could make an informed choice about the insurance he was buying; and
- If B&B did something wrong when selling the policy, I then need to consider whether Mr Q would have acted differently if it had not done so.

B&B has provided some documentation from the point of sale. Mr Q has provided his recollections of taking out the PPI policy, but it is possible, indeed likely, that these will have been affected by the substantial passage of time (over 20 years) since the sale. So, I must carefully weigh up the evidence available to me when reaching my decision.

I have reviewed the eligibility criteria as set out in the policy document. I have also considered the testimony of Mr Q regarding his circumstances at the point of sale. I have found on balance that Mr Q was eligible for this policy at the point of sale.

Mr Q has stated that he felt he had no option but to take the PPI and that it was part of the mortgage. I have considered the mortgage application document which B&B has provided. I note that within this document is a significantly sized section on PPI. Mr Q has selected the type of PPI he wanted and selected the benefit level required. I note that Mr Q has also signed that page about PPI and dated in September 1989. I also note from the B&B submissions that the policy went live in November 1989 and I also note that in the interim Mr Q received correspondence with regard to his application. It seems clear there is other documentation which would have been completed around the time which has not survived. However it is clear that Mr Q has, at the time, clearly considered PPI and made some choices with regard to it. Mr Q has then had a number of weeks to consider the PPI before it went live. I note that there is nothing in the application which states the PPI was compulsory. As such I cannot fairly say that B&B did not make it clear to Mr Q that the policy was optional.

I have also considered Mr Q's allegation that he was pressured into the PPI. I note that Mr Q has provided nominal testimony to the meeting that took place in 1989. Mr Q provides little description of the meeting itself or how the pressure was exerted upon him, by who and when. Nor does Mr Q explain how this pressure was exerted after the meeting up to November 1989 and why he did not challenge this PPI sale before he started to pay for it. I am satisfied that there is insufficient evidence for me to make a finding of a pressured sale.

I have next considered whether or not the sale was advised. Mr Q considers the sale was advised and B&B has also stated that it considers the sale to have been advised. As a consequence the test I must apply is did B&B take adequate steps to ensure the product it recommended was suitable for Mr Q's needs and did B&B give him information that was clear, fair and not misleading so he was put in a position where he could make an informed choice about the insurance he was buying.

Considering the time elapsed and the missing point of sale documentation I cannot rule out the possibility of shortcomings in the information provided by B&B during the meeting. Nor can I be certain how much Mr Q understood at the time about the policy generally. Nevertheless, taking into account the policy benefits, the cost of cover, and the information he has given about his broader circumstances at the time, I do not consider that if he had been properly informed, Mr Q would have decided he had no need of the PPI cover provided. Nor do I consider it to be unsuitable for his needs.

I say this because it is not apparent that they was affected by any of the policy's exclusions or limitations, and the cost of the policy (which Mr and Mrs Q was clearly made aware of) appears to have been neither unaffordable nor uncompetitive with comparable alternatives.

Mr Q has provided testimony to this service that at the point of sale he had no health issues. I note on his application form for the mortgage and PPI Mr Q states that he has had no *"serious illness or injury for which he has been treated within the last five years"*. I also note in his application he is asked in relation to the PPI whether he has had *"a serious illness or are currently suffering with a medical condition"* to which he answers *"yes"*. I note that in response to an earlier view of this service Mr Q has stated that he has a medical condition which he has *"been taking tablets to control for 30 years"*.

From this testimony it seems clear that Mr Q does not consider this medical condition to be serious or that it would have stopped him from working. I say this because he says he does not have a serious illness in the form at the point of sale and it would seem from his recent testimony that it has not impacted his ability to work for a substantial period of time.

As a consequence of this I do not consider it likely that had Mr Q received better information with regard to the limitations and exclusions in this policy with regard to health issues it would have altered his decision to take the PPI.

Furthermore it does not seem to me that he would have been affected by any other limitations and exclusions of the policy in that regard and consequently, in my view he was likely to still proceed with it even if these limitations and exclusions had been made clearer.

Mr Q has referred to having a substantial amount of savings at the point of sale. I note this is supported by the mortgage application which refers to a significant level of savings as "*national savings*". The mortgage taken was for an amount not much larger than the savings held. It is unclear why the savings were not accessed to minimise the mortgage amount. Clearly Mr Q had the option of reducing the mortgage he took by over half if he accessed the savings but he chose not to do this. This suggests to me that the savings were ring-fenced for some other use (or possibly he could not access the savings). I cannot say that the costs of this PPI were properly articulated to Mr Q. However it seems clear that it was of modest cost and provided a high level of benefit, which made it particularly competitive in the market at that time and thus, presumably, attractive to Mr Q. Considering the apparently significant level of costs incurred by Mr Q in not using his savings to minimise his mortgage debt it seems Mr Q wanted these savings protected. As a consequence I am not persuaded on balance that the savings were available for use in the event of Mr Q not being able to work, but rather Mr Q took the policy in order to safeguard the savings (or possibly because he could not access them). On balance I do not consider these savings to be a reason to uphold this complaint.

Whilst the information Mr Q has given this service about the employer benefits Mr Q had he had might have meant they would have been able to cope for a short period if anything went wrong, a mortgage loan represents a significant commitment. To the extent that the benefits the policy would pay out were in addition to his existing arrangements (and were particularly competitive), if the cost and level of cover provided by the policy were agreeable to him (as they clearly were), I find it likely that Mr Q would have still taken the policy out if properly informed.

In conclusion, while I accept the possibility of shortcomings in the information that was provided to Mr Q at the point of sale (as I cannot know what was said to Mr Q in the meeting), I have not found any basis on which I could safely conclude that any such shortcoming has caused him to take out a policy he would not otherwise have taken out. Furthermore I have not found the policy to be unsuitable considering the circumstances of Mr and Mrs Q at the point of sale bearing in mind the issues I have discussed. It follows that I do not uphold Mr and Mrs Q's complaint and I make no award against B&B.

For the sake of completeness I should add that Mr Q has argued that he did not need the policy as he would have received state benefits. B&B has noted that such benefits were means tested at some stage after he took the PPI. Firstly such benefits are not guaranteed in all cases. Secondly the PPI was paid in a claim in addition to any other benefits Mr Q received. Lastly it is clear from the evidence that Mr Q chose to take the PPI, knowing what it was and what it essentially was designed to do. Considering the particularly competitive nature of the PPI and modest cost of it I am not persuaded that these reasons are sufficient to make the policy unsuitable for Mr Q and consequently it is my position that this complaint does not succeed.

my final decision

For the reasons set out above, I do not uphold this complaint, and I make no award against Bradford & Bingley Plc.

Rod Glyn-Thomas
ombudsman