

## **complaint**

This complaint is about a single premium payment protection insurance policy (PPI) sold by a selling agent (the 'seller') to Mr and Mrs G in connection with a mortgage in 2004. Mr and Mrs G say the PPI was mis-sold to them.

Although the seller arranged the PPI cover, they're no longer trading. However, Assurant Intermediary Limited (Assurant) has agreed to accept responsibility for this complaint.

## **background**

Mr and Mrs G took out the mortgage and PPI during a meeting at their home. The policy covered Mr G only for accident and sickness.

At the time of sale, Mr G was self-employed so he had no employee benefits if he was unable to work. Mr G thinks that the policy wasn't suitable for him.

Our adjudicator upheld this complaint. Assurant has not responded to accept this decision and so the matter has been referred to me for a decision.

## **my findings**

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

There's limited information available from the time of the sale. However, this isn't surprising as it took place more than ten years ago and Assurant weren't the seller.

Mr and Mrs G say that a mortgage consultant came to see them at their home and told them that they needed to have the insurance to get the mortgage. Assurant hasn't given any evidence which disputes this. So I think that it was an advised sale which took place during a meeting at Mr and Mrs G's home.

Because of this, the seller needed to make sure they made a suitable recommendation for Mr and Mrs G. Having looked at the information about the policy and Mr and Mrs G's circumstances, I *don't* think it was a suitable recommendation.

I say this because, at the time they took out the policy, Mr G was self-employed. For a self-employed person to claim under this policy, any disability must:

*"stop You from helping, managing or carrying out any part of the day-to-day running of a business".*

This goes beyond being unable to do their normal job and so I think this is an unusual term. It also seems onerous when compared to the terms for employed persons to make a claim. This is a significant term of the policy and should've been brought to Mr and Mrs G's attention. This would've allowed them to make an informed decision about it. However, I've not seen enough evidence for me to say that this was made clear to Mr and Mrs G. If it had been, I don't think they would've felt that the policy offered good value in their circumstances.

Taking everything into account, I don't think the policy was a suitable recommendation for Mr G. And I don't think Mr and Mrs G would've bought it if they'd properly understood how much it would cost them and the limited benefit it gave. It follows that I uphold this complaint.

### **fair compensation**

Mr and Mrs G borrowed extra to pay for the PPI, so their mortgage was bigger than it should've been and they paid more than they should've each month. So Mr and Mrs G need to get back the extra they've paid.

So, Assurant Intermediary Limited should:

- Work out and pay Mr and Mrs G the difference between what they paid each month on the mortgage and what they would've paid each month without PPI.
- Add simple interest to the extra amount Mr and Mrs G paid each month from when they paid it until they get it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on<sup>†</sup>.
- If Mr and Mrs G made a successful claim under the PPI policy, Assurant Intermediary Limited can take off what they got for the claim from the amount it owes them.

<sup>†</sup> HM Revenue & Customs requires Assurant Intermediary Limited to take off tax from this interest. Assurant Intermediary Limited must give Mr and Mrs G a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

My final decision is that I uphold Mr and Mrs G's complaint and so Assurant Intermediary Limited must pay them the compensation I've described above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs G to accept or reject my decision before 23 February 2015.

Rebecca Ellis  
**ombudsman**