

The complaint

Miss F complains about her Mortgage Care Payment Protection Insurance (PPI policy). She says that Barclays Bank UK PLC ('Barclays') has told her that her policy will end as it will no longer provide, or administer, this type of policy. She feels that this is unfair because she will be left without cover even though her mortgage has a long term left to run.

What happened

In 2023 Barclays informed Miss F that her policy would end in June 2023. It says this is because it has not started any new policies of this type since 2012 and the demand for them has been in decline for some time. So, it has become uneconomical to support and administer PPI policies. It said the terms and conditions of the policy allow both sides to cancel it and the decision to do this has been made in conjunction with the industry regulator. It has given Miss F enough time to seek alternative cover if this is what she wants.

Miss F has complained to Barclays about this. She says that she still wants a PPI policy but that it will be difficult for her to obtain one elsewhere as she now has a medical condition that will be excluded. And this condition is the most likely reason she would make a claim. She expected to have cover for the term of her mortgage and now feels disadvantaged that she will not have this. She would like the policy transferred to a new provider or compensation for the loss of cover.

Barclays hasn't upheld this complaint as it thinks it is reasonable for it to withdraw these policies. That said, it recognised that this would cause Miss F some inconvenience and it offered her £101.73, which is three months premiums, as a gesture of goodwill.

Miss F hasn't accepted this offer and she has brought her complaint to the Financial Ombudsman Service. One of our Investigators looked into it but didn't uphold it. He said that Barclays wasn't acting incorrectly when it cancelled the policy, as it was within the agreed terms and conditions that it could do this. And it had also met its regulatory obligations.

Miss F didn't agree with our Investigator. She said that:

- She confirmed that the medical condition she now has would be classed as a pre-existing condition, and it would be excluded from any new policy she may start.
- It should have been better highlighted at the time of sale that Barclays could cancel the policy.
- She has paid over £5,000 into the policy over the years and has lost £12,000 worth of cover. She is now at financial risk due to the loss of this cover.
- So, she is materially worse off now.

Our Investigator didn't change his opinion about the complaint.

As no agreement has been reached the complaint has been passed to me to issue a Final Decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Barclays has provided a copy of the terms and conditions of the policy which do say that '*... and we can cancel our Policy by giving you 30 days notice in writing ...*'. So as a starting point Barclays wasn't acting outside of the agreed contract when it cancelled this policy.

So, there was always the possibility that this contract could end if either side wanted it to be cancelled. Miss F didn't have a contract with Barclays that guaranteed PPI cover for as long as she wanted it, under every circumstance. This wasn't part of the initial agreement. And it would be a significant difference to the contract she had, if I were to say that Barclays must provide the cover she wants now.

Added to this, the Financial Ombudsman Service wouldn't normally become involved in what it considers is a legitimate exercise of a business's commercial judgment. And I think this is what Barclays' decision to withdraw this product is. Barclays has said this product is no longer being sold due to a lack of demand. And it will cease to be able to administer it going forward. I think making an award that says this shouldn't happen wouldn't be right.

Overall, I don't think it would be right for me to say to Barclays that it must continue to insure Miss F, under these circumstances.

Miss F has said that Barclays is not treating her fairly when it has withdrawn the PPI as she has paid a significant sum into the policy over time, and she will be left without cover. She now has a medical condition that will prevent her from obtaining this type of cover in the future. Or at least it will be difficult to start a policy that would provide cover for her medical condition which she thinks is the most likely thing to lead to a claim if she can't work. So, any other policy she starts may not be of much use to her.

I can see why this may not be a good situation for Miss F. But the amounts she has paid have provided for the cover she has had in the past. And I don't think it's right to say that Barclays should be responsible for providing insurance when ordinarily it wouldn't. Even if it would benefit Miss F by alleviating any difficulties she now faces due to her change in circumstances. I don't think it's reasonable for me to say that Barclays should continue to provide a policy for this reason.

Miss F has said that it should have been more prominent at the time of sale that the policy could be cancelled. Even if I were to agree with this, I'm not sure if this would have made a difference at the time of sale to Miss F's decision to take the policy. There isn't any evidence from then that makes me think she would want a contract that did provide these guarantees, or that a contract like this would be available.

Given all of the above, I don't think that Miss F's complaint should be upheld.

Barclays has made an offer to pay £101.73 to settle the complaint. Miss F should contact Barclays directly if she now wishes to accept this.

My final decision

For the reasons set out above, I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 8 March 2024.

Andy Burlinson
Ombudsman