

complaint

Mr and Mrs B say that London and Country Mortgages Ltd (“LCM”) mis-sold them a regular premium payment protection insurance (PPI) policy in conjunction with a mortgage.

background

In March 2005, Mr and Mrs B bought a regular premium PPI to cover their mortgage repayments in the event they'd been unable to work due to accident, sickness or unemployment. The policy cost £46.64 each month and following a successful claim, it would've paid a monthly benefit of £1,069.69 for up to 12 months.

The adjudicator upheld Mr and Mrs B's complaint. LCM disagreed, so the case has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the 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 and Mrs B's case. Having done so, I've decided to uphold this complaint and I'll explain why.

I've considered what Mr and Mrs B and LCM say and I've decided to uphold this complaint because I don't think that LCM met all of Mr and Mrs B's information needs – in particular about the exclusions relating to pre-existing medical conditions. And I think they would've decided against buying the policy if this had been done.

At the time of sale, Mr B had a medical condition, the details of which are known to all parties. And he'd been diagnosed with this condition some years earlier. And the nature of Mr B's diagnosed condition means it is likely that he thought he would also suffer from related illnesses of a more serious nature in the years to come. And if he'd been told about the policy exclusions, Mr and Mrs B wouldn't have bought the policy.

I've considered that it was Mr and Mrs B's responsibility to consider suitability; however, it was still LCM's responsibility to ensure that the information was sufficiently clear and that any limitations or exclusions that might be significant to Mr and Mrs B were pointed out so that they could make an *informed* choice.

I have noted all of LCM's submissions but these do not alter my conclusions. It follows that I uphold this complaint and require LCM to put things right and pay Mr and Mrs B compensation.

putting things right

LCM should put Mr and Mrs B in the position they'd be in now if they hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and LCM should:

- Pay Mr and Mrs B the amount they paid each month for the PPI.
- Add simple interest to each payment from when they paid it until they gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.

- If Mr and Mrs B made a successful claim under the PPI policy, LCM can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires LCM to take off tax from this interest. LCM must give Mr and Mrs B 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 this complaint and require London and Country Mortgages Ltd to pay compensation as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 24 February 2017.

Andrew Macnamara
ombudsman