

complaint

Mr W complains Leeds Building Society (Leeds) mis-sold him a regular premium mortgage payment protection insurance (MPPI) policy.

background

Mr W was sold the MPPI during a meeting with Leeds in 1999.

The MPPI policy covered Mr W for up to 12 months' per claim if he was off work sick or became unemployed.

Our adjudicator didn't uphold Mr W's complaint.

Mr W disagreed with the adjudicator and the complaint has been passed to me to consider.

my findings

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

We've set out our general approach to complaints about the sale of MPPI on our website and I've taken this into account in deciding Mr W's case.

Having done that, I've decided not to uphold Mr W's complaint.

I've looked at the policy document provided and am satisfied that Mr W was eligible under the policy.

Mr W complains that he was told he had to have the policy in order to succeed in his mortgage application as he was a first time buyer - had he been given the choice he wouldn't have taken MPPI.

I can't say what was actually discussed during the meeting and it is possible Mr W may have felt he had to have the policy. But I have to decide what is more likely to have happened. To help me decide this, I have to also consider the documents from the point of sale and how MPPI was presented to Mr W. Given the length of time since the sale, it is understandable that Leeds don't have the actual documentation available. They have however, provided sample documentation. Mr W helpfully has kept a number of documents from the time of the sale.

I note from the sample mortgage application, there is a section which deals with MPPI. This section asks the applicant to tick "Yes" or "No" if they want to apply for MPPI. The applicant would then have to sign for MPPI separately as part of another application.

Given how the MPPI was presented to Mr W, I think it is more likely he would've known that it was a separate product and wouldn't have affected his mortgage application.

I have also considered the point Mr W makes about having to pay a higher lending fee. Because Leeds were lending Mr W more than they ordinarily would have, they increased the lending fee. I am not deciding on the merits of this. I only note that this higher fee appeared in the "special conditions" section of the mortgage offer. I think that if Leeds wanted to make

MPPI compulsory for Mr W, they would've also listed it as compulsory as part of their special conditions. But given the extra protection the higher lending fee would've offered Leeds, I don't think they would've needed Mr W to also take out MPPI.

So all in all, I think it's more likely that Leeds presented the policy as optional.

Leeds accept they advised Mr W to buy the policy. This means they were under a duty to take adequate steps to ensure the policy was suitable for Mr W. I can't say that Leeds took all the steps they should've but I can see the policy was suitable for Mr W for the following reasons:

- The MPPI would be protecting a valuable asset. It would've met his mortgage repayments for up to 12 months if Mr W lost his job or was off work sick. From what Mr W says, he could've received over 12 months' pay from his employer at his employer's discretion. But these payments wouldn't have been guaranteed because they were discretionary. Also the policy would've paid out in addition to this and Mr W could've made further claims after the requalification periods. So I think the policy provided useful cover for him.
- The cost of the cover was £19.26 per month and the total monthly repayment benefit would've been approximately £350. I can't see that Mr W had any particular need to keep the costs down and so the cover appears to have been affordable for him. For example, Mr W wasn't taking out money to consolidate debts.
- As it was a regular premium policy, Mr W wouldn't have lost out financially if he wanted to cancel the policy.
- Mr W didn't appear to have been caught by any restrictive terms or exclusions in the policy. For example, he didn't have any unusual employment arrangements or a pre-existing medical condition at the time of taking out the MPPI which would've made it more difficult more him to make a claim.

I've also considered whether Leeds gave Mr W information in a clear, fair and non-misleading way. I don't think Leeds gave all the information it should've at the point of sale. For example, I don't know whether the restriction relating to pre-existing medical conditions was highlighted to Mr W as it ought to have been. But even if Mr W had been given better information, I still think he would've taken the policy. I say this for the same reasons I think the policy was suitable for him.

Based on the above, I don't uphold Mr W's complaint.

my final decision

I don't uphold Mr W's complaint against Leeds Building Society.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 10 July 2015.

Navneet Sher
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