

## **complaint**

Mr B and Mrs T complain about the sale of a payment protection insurance (“PPI”) policy by Countrywide Principal Services Limited (“Countrywide”) when they took out a mortgage.

## **background**

The policy provided unemployment cover only and was split 69% and 31% between Mr B and Mrs T respectively. The total benefit was £346.65 which was the cost of their monthly mortgage repayments.

Mr B and Mrs T essentially complain that they weren’t told that they could’ve got a similar policy cheaper elsewhere, although their representatives raised other complaints about the suitability of the cover and information provided. Mr B and Mrs T also complain that when they asked to cancel the policy this wasn’t done.

The adjudicator thought that their complaint about the sale of the policy shouldn’t be upheld but that their complaint about the maladministration relating to the cancellation should be upheld. Neither party has disagreed with the view about the sale, but Countrywide disagrees with the complaint about the cancellation of the policy so it’s been passed to me to make a decision.

## **my findings**

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

As both parties accept the adjudication on the sale of the policy I don’t propose to make any further findings on this. But for clarity I do not uphold Mr B and Mrs T’s complaint about the sale for the same reasons given in the adjudication.

Moving on to Mrs T’s attempts to cancel the policy, Countrywide have provided computer records of contact it had with Mrs T throughout the life of the policy. I can see from these that Mrs T gave a clear instruction to cancel the policy in 2007 and the records show the cancellation date (taking into account the required notice period) and the reason for the cancellation – that it was no longer required.

There is then no further direct contact between Mrs T and Mr B and Countrywide until 2012. Mrs T tells me that at this point she had set up internet banking and for the first time had realised the policy hadn’t been cancelled when she thought it had. She rang Countrywide to ask to see a policy schedule so she could understand what she was paying for. A few months later Mrs T rang again to say that she had two policies running concurrently and that therefore she definitely *did* want to cancel it. At this point Countrywide cancelled the policy.

Countrywide say that Mr B and Mrs T must have been aware that they were making payments to Countrywide between 2007 and 2012. By allowing this to continue they aren’t persuaded that Mr B and Mrs T were unhappy that the cover had continued, albeit by default. They also point to the fact that Mr B and Mrs T would’ve received annual renewal notices so they should’ve known they were still paying for it.

However, I think this isn’t good enough. Countrywide can’t rely on the fact that Mr B and Mrs T didn’t notice that their instruction hadn’t been followed to support their claim that they must

have been happy with it. Mrs T's testimony about how she came to notice the error is plausible. She had just set up internet banking at this point and was querying regular payments out of their account. Given the low cost of the policy and the fact that Mr B and Mrs T bought a number of policies through Countrywide when they bought their house, I'm not surprised that the premiums for the PPI might've been missed by them both, especially as they believed it had been cancelled many years previously.

I think it was perfectly reasonable, on discovering a payment for insurance on her account that she didn't recognise, for Mrs T to ask to see a policy schedule so she could work out what the cover was for. Once she'd seen this and confirmed she had cover elsewhere she took steps to reiterate her wish to cancel it. It's rather disappointing that, on discovering their error, Countrywide didn't proactively make an offer to refund the premiums once Mrs T had had a chance to review what she'd been paying for. I appreciate that Mrs T didn't re-cancel it straight away, but as I've said I think she needed an opportunity to clarify and confirm that it was the same policy she'd dealt with several years previously.

I'm satisfied that Mr B and Mrs T have lost out as a result of Countrywide's failings here.

### **putting things right**

Countrywide should put Mr B and Mrs T in the position they'd be in now if their original instruction to cancel the policy had been administered correctly. Countrywide should:

- Pay Mr B and Mrs T the amount they paid each month for the PPI from 31 January 2007 until the policy was completely cancelled;
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year<sup>†</sup>.

<sup>†</sup> HM Revenue & Customs requires Countrywide to take off tax from this interest. Countrywide must give Mr B and Mrs T a certificate showing how much tax it's taken off if they ask for one.

### **my decision**

I'm not upholding Mr B and Mrs T's original mis-selling complaint, but I am upholding their complaint about maladministration relating to the cancellation. Countrywide Principal Services Limited must pay compensation as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs T to accept or reject my decision before 10 July 2015.

Sally Allbeury  
**ombudsman**