

The complaint

Mr and Mrs L have complained that Nationwide Building Society mis-sold them a mortgage payment protection insurance (PPI) policy in 1996.

What happened

Mr and Mrs L were sold the PPI at the same time as arranging their mortgage. Although it was a joint mortgage, the policy was set up just to cover Mr L for unemployment only.

I wrote a provisional decision last month in which I explained why I wasn't thinking of upholding the complaint and giving the parties a chance to comment further. Nationwide had no additional comments. Mr and Mrs L expressed their disappointment in my provisional 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.

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 this case.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on a balance of probabilities – that is, what is considered most likely to have happened given the evidence that is available to me, and the wider surrounding circumstances.

As explained in my provisional decision, Mr and Mrs L say they didn't know that PPI had been added to their mortgage, meaning that it was added without their knowledge or consent.

In re-considering the complaint, I've thought about how long ago the sale was. Mr and Mrs L have said that they don't have any recollection of it, which is not surprising given the time that has elapsed.

From what we know of Nationwide's sales process at the time, the PPI was generally presented as optional and I haven't seen any evidence to persuade me that something different happened in this case.

This was a joint mortgage and so, if the PPI had been automatically added, I might have expected it to be set up to cover both Mr and Mrs L equally and to provide standard cover for accident, sickness and unemployment and for the mortgage repayment amount only.

As already mentioned, the policy was set up to cover Mr L only. It was also set up to cover him just for unemployment. Also, it provided a benefit of £400 to cover the mortgage repayment amount plus additional cover of £200. This indicates that some discussion took place about the PPI with Mr and Mrs L tailoring it to their requirements.

In response to my provisional decision, Mr and Mrs L say that Nationwide knew they were wrong and are telling lies to cover it up. But I haven't seen any evidence of that being the case.

I have no doubt that Mr and Mrs L have provided their genuine recollection of events. But, based on the available evidence, I consider it more likely than not that they decided to buy the PPI, knowing that they didn't have to, even if they no longer remember doing so.

This was a non-advised sale, meaning that Nationwide didn't have to consider Mr and Mrs L's circumstances, such as levels of savings, to ensure that the policy was suitable for them. But it did need to provide Mr and Mrs L with sufficient information for them to be able to make an informed choice about whether or not to take out the policy.

I think that Mr and Mrs L would have known something about the PPI – that it would cover their mortgage repayments if Mr L became unemployed – because I doubt they'd have decided to buy it and opt for that level of cover without knowing anything at all about it.

Mrs L received a redundancy payment in 1995 which was placed in a savings account.

Mr and Mrs L would have had to weigh up in their own minds the cost of the policy against the benefit offered and the potential consequences if they didn't insure against the risk of Mr L losing his job. The available evidence suggests that they decided to buy PPI even though they had some savings. A mortgage is a significant financial undertaking and so it makes sense that they might have wanted to protect the repayments and retain their savings.

It's possible that Nationwide didn't provide as much information as it should have about the PPI, particularly about the things that it didn't cover. But Mr L wasn't affected by any of those things. For example, Mr L didn't have a pre-existing medical condition that would have been excluded under the policy, and besides he chose to take unemployment cover only. So I don't think that further information would have caused them to change their minds about buying the policy.

Having considered all the evidence and arguments, I consider it more likely than not that Mr and Mrs L would still have taken out the PPI. It was sufficiently close to what they thought they were getting and could have provided a useful benefit at a difficult time. And in those circumstances, I think it more likely than not that they would have taken out the PPI in any event. So, they are no worse off as a result of anything Nationwide may have done wrong, so there's nothing that Nationwide needs to do to put things right.

My final decision

For the reasons set out above, my final decision is that I do not uphold Mr and Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 2 October 2023.

Carole Clark

Ombudsman