

The complaint

Mr P has complained that Nationwide Building Society mis-sold him a mortgage payment protection insurance (PPI) policy. He's also unhappy about the way it carried out a review of his complaint.

What happened

Mr P took out the PPI at the same time as arranging the mortgage in 2001. The policy was set up to provide cover for unemployment only.

Mr P originally made a complaint about the policy being mis-sold in 2017 and Nationwide provided its final response letter on 16 February 2018, rejecting the complaint.

In 2022 Nationwide contacted Mr P to say it was reviewing its response to this complaint and another he had made about credit card PPI. It spoke to him over the phone and then issued a further final response letter on 27 October 2022, saying that its original decision stood.

Our investigator didn't uphold the complaint. Mr P disagrees with the investigator's opinion and so the complaint has been passed to me for a 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.

Mr P says he had PPI with an earlier Nationwide mortgage, which he had also made a complaint about. So he wonders why Nationwide decided to review the complaint relating to the 2001 sale but not the earlier one.

Businesses will sometimes make a decision to re-look at certain tranches of cases based on various criteria. But it is not obliged to re-open complaints once it has sent out a final response. So I'm unable to conclude that Nationwide should also have re-opened the complaint about an earlier mortgage PPI sale.

Nevertheless, this did cause some confusion. Because Mr P says that, during the phone call with Nationwide, he assumed he was taking about the first mortgage when it transpired later that it was talking about the later 2001 mortgage. So he says that when he was answering questions about his circumstances at the time of the sale, he was under the misapprehension that they were taking about an earlier period.

Nationwide should have been clearer about which PPI sale it was referring to. But I'm not persuaded that the outcome would have been any different had it done so.

Mr P hasn't said what, if anything, was significantly different about his circumstances in 2001 and the date of the earlier mortgage that might have caused Nationwide to reach a different conclusion. My understanding is that he was working for the same employer at the time of both mortgage applications, so his work benefits would have been broadly similar.

He says he was a young, inexperienced homebuyer who was given the hard sell by the mortgage adviser. I have no doubt that Mr P has provided his genuine recollection of events. But the sale was a long time ago and so it wouldn't be surprising if his memory has faded somewhat.

I've seen the mortgage application form where Mr P has signed the PPI section to confirm that he has been provided with sufficient information to make a decision. Also, Mr P took out cover for unemployment only, rather than the more usual cover for accident, sickness and unemployment. So it appears that there must have been some discussion about the PPI and that Mr P decided to tailor the cover to suit his needs.

I take Mr P's point that none of the paperwork would show whether Mr P had been pressured into taking the policy or not. But, from what we know of Nationwide's sales process at the time, the PPI was normally presented as optional. And I haven't seen anything that would lead me to conclude that something different happened in this case.

Based on the available evidence, I consider that Mr P most likely decided to buy the PPI, knowing that he didn't have to, even if he no longer remembers doing so.

This wasn't an advised sale, so Nationwide didn't need to ensure that the policy met his needs. But it did need to provide enough information for him to make an informed choice about buying the PPI.

Mr P's employer provided a reasonable level of sick pay. But, as previously mentioned, the policy that Mr P bought didn't include accident and sickness cover.

Mr P says that his employer's redundancy packages were extremely generous. But the policy would have covered his mortgage repayments for up to a year whilst he looked for another job and without the need to dip into his redundancy payment.

Mr P says he had savings at the time. But having the policy would have allowed him to maintain any savings or use them to cover other outgoings at what would have been a difficult time. I understand that his parents would have been supportive. But the PPI meant that he wouldn't have had to ask his parents to cover his monthly mortgage repayments.

I've seen the mortgage offer letter that set out the cost of the policy. So, I'm satisfied that he knew how much he'd be paying for it before the mortgage became active.

A mortgage is a significant financial undertaking. So it wouldn't be surprising if Mr P had an interest in protecting his repayments. 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 he wasn't affected by any of those things, such as the exclusion for pre-existing medical conditions. As I think that Mr P had an interest in the policy and decided to buy it, I don't think that further information would have caused him to change his mind.

So he's no worse off as a result of anything Nationwide may have done wrong, so there's nothing it needs to do to put things right. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 December 2023.

Carole Clark
Ombudsman