

## **The complaint**

Mr and Mrs S complain that Lloyds Bank PLC (when it was trading as TSB) mis-sold them a payment protection insurance (PPI) policy.

## **What happened**

Mr and Mrs S took out PPI alongside their joint mortgage which started in January 1996. This protected their mortgage repayments in the event that Mr S couldn't work as a result of accident, sickness or unemployment.

Our adjudicator didn't uphold the complaint. Mr and Mrs S disagreed with the adjudicator's opinion.

Mr and Mrs S mainly said that they didn't need PPI but the advisor made it seem as if it had to be taken out to proceed with the mortgage.

## **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.

I've decided not to uphold Mr and Mrs S's complaint. I'll explain why.

Neither Lloyds nor Mr and Mrs S could provide any signed paperwork from 1996 when the PPI was sold. But this isn't surprising given how long ago this sale happened. Mr and Mrs S told us they made their application during a meeting with a mortgage advisor at the bank.

I can't know exactly what was discussed when Mr and Mrs S arranged their mortgage and took out this PPI. After so long, it wouldn't be reasonable to expect them to recall exactly what was said at the time. This means that what Mr and Mrs S say about the way they were sold this PPI isn't enough on its own for me to be able to uphold this complaint. I must look at all the available information and decide what I think is most likely.

Mr and Mrs S's mortgage was a major financial commitment, repayable over a substantial number of years. Their home would've been at risk if their mortgage payments weren't kept up to date. PPI provided dependable protection. So, I can see why they might've felt this policy was useful to have.

On balance, I think it's more likely that Mr and Mrs S wanted to have the benefits and security that having PPI offered them, and that Lloyds added the policy to their mortgage account when Mr and Mrs S decided to buy it.

Lloyds wasn't sure how it sold the PPI to Mr and Mrs S. So, in fairness to them, it looked at their mis-sale complaint on the basis that its advisor had recommended PPI during the meeting Mr and Mrs S recalled having at the bank. Given the lack of paperwork showing how Lloyds sold the PPI to Mr and Mrs S, I think this is the fairest way to assess this complaint as it imposes extra obligations on the lender. If a business makes a recommendation about PPI, it doesn't just have to give important policy information in a clear way. It also has to take reasonable steps to make sure the cover it recommends is suitable.

It looks to me as if PPI would've been a suitable recommendation based on what Mr and Mrs S have said about their circumstances at the time.

Mr S was eligible for the PPI policy.

It's likely that the policy could've paid out a monthly benefit that covered Mr and Mrs S's mortgage repayments for up to 12 months per claim.

Mr S told us he would've only got statutory sick pay if he wasn't able to work as a result of having an accident or being off work ill or becoming disabled – he wasn't entitled to any sick pay from his employer. So I think the policy could've provided a useful benefit at what's likely to have been a difficult time for Mr and Mrs S.

And the policy would've also paid out if Mr S lost his job unexpectedly and he became unemployed.

Being entitled to redundancy benefits wouldn't have helped Mr and Mrs S if Mr S was off work sick. And PPI would've paid out in addition to any redundancy money he might've got if he'd lost his job, giving Mr and Mrs S some additional financial security in those circumstances.

It appears this mortgage was taken out when Mr and Mrs S were both working. I don't know how easy it would've been for Mrs S to keep up the mortgage monthly repayments for very long on her own if only she was working. I think it's likely that if Mr S couldn't work this would've had a significant impact on their joint household finances.

So, overall, I find that the PPI Lloyds sold Mr and Mrs S with their mortgage was suitable.

It's possible some information Lloyds gave Mr and Mrs S about the PPI wasn't as clear as it should've been. It's likely that there were some things the policy didn't cover – it might've been difficult for someone doing only limited part time hours to claim for unemployment, and existing medical conditions mightn't have been fully covered. But as Mr S told us he was in good health when he took out the policy, and he was in a full time job, then I don't think any of the usual main policy limitations are likely to have affected Mr S.

I don't know how the cost was explained. But Mr and Mrs S haven't complained about the policy being unaffordable for them or causing them money problems. Mr and Mrs S paid for this policy each month. So they could've cancelled it at any time without incurring any extra cost if they didn't want to pay for it.

Taking everything into account I think Mr and Mrs S probably still would've decided to buy the policy to protect Mr S even if they'd been better informed as it provided useful protection in their particular situation. I don't think it's likely that having clearer information would've put them off buying it.

So I don't find that Mr and Mrs S have lost out as a result of anything Lloyds might've done wrong when it sold them this PPI policy with their mortgage. This means that Lloyds doesn't need to do anything to put things right.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 28 March 2020.

Susan Webb  
**Ombudsman**