

The complaint

Mrs B and Mr B complain that Lloyds Bank Plc (“Lloyds” trading at the time of sale as TSB) mis-sold them a mortgage payment protection insurance (“MPPI”) policy.

background

Mrs B and Mr B bought a MPPI policy which started in January 1998 to protect their mortgage repayments. The policy was added during a meeting with an advisor from Lloyds. Mr B was covered against accidents, sickness and unemployment. The mortgage ended in October 2002.

Mrs B and Mr B believe Lloyds mis-sold the policy. They say they were not aware MPPI was an optional product.

Our adjudicator didn’t uphold the complaint. As Mrs B and Mr B don’t agree with the adjudicator’s opinion, the complaint has been passed to me.

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 PPI on our website and I’ve taken this into account in deciding Mrs B and Mr B’s case.

I’ve decided not to uphold Mrs B and Mr B’s complaint because of the following reasons:

- I can’t be sure how or if the policy was presented to Mrs B and Mr B during the meeting and a lot of time has passed since they were sold it. I’ve looked at what they said about how the policy was sold – including that they say they had no recollection of being sold it. But I think, after considering the documentation provided and what I know of how Lloyds sold policies at that time, it is most likely that they were advised it was a good idea to have the insurance to protect their mortgage repayments, and they took it on that advice.
- I have come to this conclusion because the sales documentation I have suggests to me that the policy was presented as optional. I can see on the mortgage application form that a box is ticked in a separate section for MPPI, to show the insurance has been chosen. So although it is possible the sale took place as Mrs B and Mr B recollect, I have not seen enough information to support what they say so that I can safely conclude anything other than they were given a choice to have the policy.

- Moving on, I think Lloyds recommended the MPPI to Mrs B and Mr B, but it doesn't look as if it was unsuitable for Mr B (as the sole policy holder) based on what I've seen of his circumstances at the time. Mr B didn't have enough provisions that I can see at the time of sale that would have meant he wouldn't have had at least some use of the benefit offered by having the cover (He says he would have relied on 6 months full and 6 months half sick pay). Mr B could have claimed benefit that would have paid alongside his sick pay and for longer. I can also see no other reasons such as a significant or restrictive term that would make the policy unsuitable.
- I'm unsure as to whether Lloyds clearly disclosed the costs of the policy to Mrs B and Mr B. But even if it did, I don't think it would've changed Mrs B and Mr B's decision to have the policy for the reasons I have already given. It was reasonably priced compared to similar policies available at the time and to the monthly mortgage repayment. And Mrs B and Mr B could have cancelled the MPPI if it did become unaffordable.
- I consider that the policy provided Mrs B and Mr B with a useful additional benefit for a reasonable cost to protect their home in the event that it was necessary for Mr B to make a claim. Its possible Lloyds didn't point out the main things the policy didn't cover. But its unlikely Mr B would've been affected by any of these based on his circumstances at the time.

I know this will come as a disappointment to Mrs B and Mr B, but on balance, I do not uphold their complaint for the reasons that I have given.

my final decision

I don't uphold Mrs B and Mr B's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 1 June 2020.

Mark Richardson
Ombudsman