DRN-2083059

The complaint

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

Lloyds Bank is responsible for dealing with this complaint. So from now on I'll just refer to 'Lloyds' as the business that sold the PPI to keep things simpler.

What happened

In 1996 Mr G and Ms G took out PPI alongside a mortgage. The policy covered Mr G and protected their monthly mortgage repayments if he couldn't work.

Mr G and Ms G have some other complaints also about the mortgage and other services Lloyds provided. But here, in my decision, I'm just concentrating on what happened when they were sold this PPI with their mortgage.

Our adjudicator looked at this complaint and didn't think it should be upheld. Mr G and Ms G disagree and they'd like an ombudsman to review what's happened.

As far as I can see, Mr G and Ms G's main complaint about the PPI they were sold is that they already had other insurance set up. So they say it's unclear why Lloyds sold them PPI and they're unhappy that they've paid for this over the years.

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 G and Ms G's complaint. I'll explain why I say this.

Mr G and Ms G told us they remember arranging their mortgage during a meeting at the bank.

The copy of the signed paperwork Lloyds provided from when Mr G and Ms G took out their mortgage isn't very clear.

But I can see that in the section headed: 'Applying for TSB MortgageSure' (this is what Lloyds called its PPI at the time) there were two tick boxes – and there's a tick in one of the boxes.

The next part of the form is headed: 'Checking you are eligible for TSB MortgageSure' and I can see that boxes are ticked in answer to the questions being asked.

So it looks to me like Mr G and Ms G ticked to say they wanted to have PPI and answered the questions to check eligibility.

I can't know exactly what was discussed when Mr G and Ms G arranged their mortgage. But I think they would've known that it was up to them to say if they wanted PPI because this was information they were asked to provide on the mortgage application.

As this happened so long ago, it's easy to understand how Mr G and Ms G could've forgotten some of these details now. And I can't be sure what was discussed between them and Lloyds when they took out the PPI. But, looking at the paperwork they completed, I think Lloyds made Mr G and Ms G aware that the PPI was optional and they chose to have it.

Mr G and Ms G remembered taking out the PPI in a meeting at the bank and say Lloyds recommended PPI to them.

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. And if this didn't happen, I have to think about whether this would've made any overall difference to Mr G and Ms G .

Lloyds told us that it doesn't any longer have a policy document from the date Mr G and Ms G took out PPI. But it has provided a policy document which was in use afterwards – so I think it's likely that in all main respects the policy that they took out would've had similar terms and conditions.

Mr G was eligible for the policy given his circumstances and the likely PPI terms and conditions that applied.

I've taken into account what Mr G and Ms G told us about their financial situation.

As a self-employed person Mr G didn't have any sick pay to rely on and Ms G wasn't in paid work at the time. They only had limited other ways to pay the mortgage if Mr G couldn't work.

But PPI would've covered their mortgage repayments for up to 12 months per claim if Mr G was off work sick or disabled. Also the policy would've paid out if he became unexpectedly unemployed.

Looking at the information I've got, I don't think it's likely that Mr G or Ms G could've easily managed the mortgage repayments for long if Mr G wasn't working. Although they were still paying into an endowment policy that they'd set up with an earlier mortgage that was a long term savings scheme and different to PPI which paid a monthly benefit if Mr G was affected by accident, sickness or unemployment.

Life cover Mr G and Ms G had arranged also provided a different sort of cover and paid out only in the event of death.

So although they had this other insurance in place, it didn't mean that PP wasn't still needed.

Mr G and Ms G's mortgage was a major financial commitment, due to run for a number of years.

Their home would've been at risk if the mortgage payments weren't kept up to date.

PPI provided a dependable means of ensuring the monthly repayments were protected even if Mr G couldn't work.

So, I can see why they might've felt PPI was useful.

I think PPI provided a useful benefit in what would've been difficult circumstances for Mr G and Ms G if they'd needed to make a claim and it was suitable for them.

I don't think being self-employed would've made it particularly difficult for Mr G to make a claim.

And even if all the policy's terms and conditions weren't clearly explained, I don't think it likely that better information about what *wasn't* covered would've put Mr G and Ms G off taking it out because I think Mr G could've benefitted from all the main policy benefits they might reasonably have expected.

It's possible some of the information Lloyds gave Mr G and Ms G about the PPI wasn't as clear as it should've been.

I don't know if the policy cost was clearly explained when they took the policy out. But I can see the amount they would have to pay each month to keep the policy running was set out on their mortgage offer – which they both would've seen as they've both signed it.

So it looks like Mr G and Ms G were happy to pay for the policy at the time – and if their circumstances changed or they no longer wanted PPI they could've cancelled the policy at any time at no extra cost.

Taking into account everything I've seen and been told, it appears that Mr G and Ms G chose to take out the policy, when they could've said they didn't want to, and so it looks like they did want to have this type of cover.

I've seen nothing that suggests this policy was unaffordable for Mr G and Ms G when they signed up to it.

Looked at overall, even if there were failings in the way Lloyds sold PPI to Mr G and Ms G, I don't think that better information would've put them off having it for Mr G.

So I can't fairly say that they've lost out financially as a result of anything that Lloyds did wrong. And this means there's nothing it needs to do to put things right.

I appreciate that what I've said will come as a disappointment to Mr G and Ms G.

But I hope that setting out the reasons as I've done will help explain how I've reached my decision.

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 Ms G and Mr G to accept or reject my decision before 5 November 2020.

Susan Webb
Ombudsman