

## The complaint

Ms K and Mr S say that Lloyds Bank PLC (which was trading as TSB at the time) mis-sold them a payment protection insurance (PPI) policy.

## What happened

This complaint is about a monthly premium PPI policy taken out with a mortgage in 1997.

Ms K and Mr S paid a monthly premium for the PPI policy. The policy was in Mr S's name. If he'd made a successful claim for accident, sickness or unemployment, it would have covered Ms K and Mr S's monthly mortgage payments for up to 12 months.

Our adjudicator didn't uphold the complaint. Ms K and Mr S disagreed with the adjudicator's opinion, so the complaint's been passed to me.

## 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 Ms K and Mr S's complaint.

I've decided not to uphold the complaint. I'll explain why.

- I've seen a copy of Ms K and Mr S's signed mortgage application form. It included a section about PPI (referred to as "TSB MortgageSure"). There were equally prominent options to take or decline the cover. There's a tick in the "yes" box, indicating that Ms K and Mr S wished to protect their mortgage against accident, sickness and involuntary unemployment. And a box was completed to show that Ms K and Mr S wanted the whole of the policy's benefit to cover Mr S.
- I acknowledge that Ms K and Mr S say the PPI was added without their knowledge. But I think it was clear from the way PPI was referred to in the application form that it was optional. And I think Ms K and Mr S decided to take it out, knowing that they had a choice – although I can understand how they may no longer remember this, more than 20 years later.
- Lloyds says it would have recommended the policy to Ms K and Mr S. This means it had a responsibility to check that it was suitable for them. But I don't think it was unsuitable, based on what I've seen of their circumstances at the time. Mr S has told us he'd have been entitled to six months' full pay from his employer if he'd been off sick. But the policy would have paid out for up to 12 months per successful claim for accident, sickness or unemployment. What's more, it would have paid out *in addition* to any payments Mr S received from his employer. So Ms K and Mr S could have used those to meet other day-to-day expenses.

- When Ms K and Mr S originally brought their complaint to us they said that as well as being employed, Mr S had his own business and would have had “a little extra income” from that to make his repayments if he’d ever been struggling. When we asked Mr S for more details of his work situation when he took out the policy, he said the work he did as an employee was his only employment, and that he used to carry out his other activity part-time as a hobby. But after the adjudicator sent out her view, Mr S’s representatives told us that he had, in fact, worked for himself between the shifts he worked for his employer, and that he could be earning a significant amount per day.
- What we’ve been told about Mr S’s work situation when he took out the policy is not fully consistent. But if Mr S had been off sick, he’d have experienced a significant income drop once his sick pay stopped. And I can see from the mortgage application form that Mr S was the main earner. So I think Ms K and Mr S could have found themselves financially stretched. And overall, I’m not convinced from what we’ve been told that any income Mr S was earning from his other occupation at the time could have been relied on to make up the shortfall in his earnings if he’d been made redundant.
- I’ve also borne in mind that the mortgage was a significant, long-term financial commitment, secured on Ms K and Mr S’s property, and the consequences of falling behind with their mortgage payments could have been serious. So taking everything into account, I think the PPI could have been useful for them.
- The cost of the policy was set out clearly in the mortgage offer. So I’m satisfied that Ms K and Mr S would have known how much they’d have to pay for the PPI. And since they were paying for it monthly, they could have cancelled it at any time with no further cost if their circumstances changed, or if they decided they no longer wanted the cover.
- It’s possible that Lloyds didn’t point out the main things the policy didn’t cover. But based on what Mr S has told us about his circumstances at the time, I think it’s unlikely that he’d have been affected by any of those.
- Taking everything into account, I don’t think that better information about the PPI would have put Ms K and Mr S off taking it out.

I should add that even if I had found that the PPI was mis-sold, it’s unlikely that I’d have been able to require Lloyds to pay any compensation to Ms K and Mr S. This is because it looks from Lloyds’s records as if Mr S made a successful unemployment claim on the policy in 1999. The records appear to show that more than £1,200 in total was paid out for that claim. That’s significantly more than the total premiums paid for the PPI during the whole of the life of the policy. So even if I’d decided that the policy was mis-sold, it’s unlikely that I’d have found that Ms K and Mr S had suffered any financial loss as a result. As it is, I’ve explained that I don’t find that the policy was mis-sold in any event.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms K and Mr S to accept or reject my decision before 27 November 2020.

Juliet Collins  
**Ombudsman**