DRN-2266837

The complaint

Mrs D and Mr D complains that Lloyds Bank Plc ('Lloyds' trading at the time of sale as TSB) mis-sold them a mortgage payment protection insurance ("MPPI") policy.

What happened

Mrs D and Mr D bought a regular premium MPPI policy in 1996 alongside a mortgage in a meeting in one of Lloyds' branches. The policy covered Mrs D and Mr D against accidents, sickness and unemployment. The mortgage and MPPI policy most likely ended in or before 1999.

Mrs D and Mr D say Lloyds mis-sold the MPPI policy to them. They say Lloyds made them feel it was essential to take out the MPPI policy. They say they were both covered with sick pay and savings and so didn't need it. More recently Mrs D has also said she was not eligible to claim benefit.

Our adjudicator didn't uphold Mrs D and Mr D's complaint. As Mrs D and Mr D don't agree with the adjudicator's opinion, the complaint has been passed to me, an ombudsman, to make 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.

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 D and Mr D's case.

I've looked at all of the information provided by both parties and decided not to uphold Mrs D and Mr D's complaint because of the following reasons:

- I first of all looked at whether Mrs D and Mr D were given a choice to have the policy. They have said they were made to feel it was essential they take out the MPPI policy. So, I have looked into this.

- I looked at the sales documentation provided and considered Mrs D and Mr D's recollections to help me understand what more likely happened at the time of sale. Lloyds has provided an application form, but it is not legible in places. So, it's been difficult for me to consider whether Mrs D and Mr D were given a choice or not as to whether they should have the MPPI policy.

- But I'm not aware of any known issues with the way Lloyds sold these policies around this time. And due to the amount of years that have passed since the sale, I have not been able to obtain a detailed recollection of the sale either. The application form does show a separate section for MPPI. If MPPI was not needed this section could have been left blank. So, with all of this in mind, I think it is more likely Lloyds gave Mrs D and Mr D a choice to have MPPI and they agreed to it by signing the mortgage application form. I haven't seen enough from the documentation provided by Lloyds or the additional forms provided more recently by Mrs D and Mr D, that would make me conclude otherwise.

- Moving on, Lloyds has said it recommended the MPPI to Mrs D and Mr D and so, as this puts additional responsibilities on it, I will proceed that this was the case. So, as it did recommend the policy to Mrs D and Mr D, it had to ensure during the sale that the policy was suitable for their needs.

- After reviewing all that has been provided by the parties, it doesn't look as if the MPPI policy was unsuitable for Mrs D and Mr D based on what I've seen of their circumstances at the time. Mrs D and Mr D says they had sick pay (they have told us Mrs D had 6 months full and 6 months half sick pay and Mr D had 3 months full and 3 months half sick pay along with up to 3 months savings) but the policy would also have paid in addition to any provisions they would have had. So, the benefit would have been of use to Mrs D and Mr D during a difficult time as they could have used their sick pay to pay for other expenses. I think, on balance, when I consider the benefit provided by the policy, they had a need for this cover for any extended period of unemployment or sickness.

- I also couldn't find any other reason such as a significant or limiting term that would make the policy unsuitable for Mrs D and Mr D such as a pre-existing condition. Mrs D mentioned that she was pregnant at the time of sale and there was an exclusion relating to this that meant she was not eligible to claim benefit from. I have read this term and can see that she was eligible at the time of sale. So, I don't think this would have made the policy unsuitable for her.

- Lloyds has provided some information about the costs relating to the MPPI policy that Mrs D and Mr D took out but even though it has provided information detailing how much it cost and this was shown on sales documentation, I cannot be sure that these costs were disclosed to Mrs D and Mr D in a clear and fair way in the meeting. That said, even if they were disclosed clearly, I don't think Mrs D and Mr D would have done anything different and decided against having the policy for the reasons that I have already given for the policy being suitable. Its possible Lloyds didn't point out the main things the policy didn't cover. But its unlikely Mrs D and Mr D would've been affected by any of these.

Finally, Mrs D and Mr D say Mrs D was not eligible because she was working 15 hours a week. I agree with the adjudicator, that Mrs D and Mr D were both eligible at the time of sale. Mrs D has told our service she changed her hours at work months after this point. So, I don't think this would have put Mrs D and Mr D off from having the cover for the reasons I have given for the policy being suitable for them.

I know it will be a disappointment to Mrs D and Mr D, but I don't think Lloyds mis-sold them this MPPI policy.

My final decision

I do not uphold Mrs D and Mr D’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs D and Mr D to accept or reject my decision before 4 May 2021.

Mark Richardson
Ombudsman