

## **The complaint**

Mrs S complains (on behalf of herself and the estate of her late husband Mr S) that Lloyds Bank PLC (when it was trading under a different business name) 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 August 1998. This protected their mortgage repayments in the event that Mr S couldn't work as a result of accident, sickness or unemployment.

Mrs S complained that PPI wasn't needed and that's why she feels it ought to be refunded. Mrs S told us that she and her husband were both in paid work, with good sick pay benefits, so they could've relied on each other's wages.

Our adjudicator didn't uphold the complaint. Mrs S disagreed with the adjudicator's opinion and she has asked for an ombudsman to review her complaint.

## **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 this complaint. I'll explain why.

I've taken carefully into account everything Mrs S told me. But what Mrs S says 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.

The first thing I've thought about is whether Lloyds gave Mr and Mrs S a choice about taking out the PPI.

In order to uphold this complaint I'd have to find that it's likely that Mr and Mrs S weren't given a fair choice about PPI or that it was added to their account without their consent.

Based on the information I've seen, I can't fairly say that the policy wasn't presented as optional or that Mr and Mrs S would've been unaware PPI was being taken out with their mortgage. Here's why I say this.

The copy of the signed paperwork Lloyds provided from when Mr and Mrs S 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 tick boxes for applicants to say either 'Yes' or 'No' to PPI.

So I think Mr and Mrs S would've been able to see that having PPI was a matter of choice. And they could've ticked the 'No' box if they hadn't wanted PPI.

The 'Yes' box is ticked on this part of the form on Mr and Mrs S's mortgage application. And on the next part of the form Mr and Mrs S answered questions to check if Mr S was eligible for the policy and filled in details indicating that 100% of the cover should be in Mr S's name.

So it looks to me like Mr and Mrs S wanted to have PPI at the time. And, despite what Mrs S has told me about their circumstances, I can see why they might've felt PPI was useful to have when they signed up for the policy.

I say this because Mr and Mrs S's mortgage was a major financial commitment, repayable over a significant number of years. Their home would've been at risk if their mortgage payments weren't kept up to date. PPI provided dependable protection. It looks to me as if PPI could've been helpful to Mr and Mrs S as it offered them benefits over and above any arrangements they had in place already to help them make their mortgage repayments if Mr S couldn't work.

On balance, I think it's more likely that Mr and Mrs S wanted to have the benefits that PPI offered them and that Lloyds added the policy to their mortgage account when Mr and Mrs S decided to buy it – although I can completely understand how Mrs S could've forgotten this after so long.

Lloyds said that its advisor recommended PPI to Mr and Mrs S. 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.

Lloyds told us that it doesn't any longer have a policy document from the exact date when Mr and Mrs S took out the PPI. But it has provided a policy document which was in use a few months later. So I think it's reasonable to rely on this information and I think it's likely that the policy Mr and Mrs S took out would've had substantially the same terms and conditions.

Taking into account Mr and Mrs S's employment and their financial circumstances, it looks to me as if PPI would've been a suitable recommendation based on what Mr and Mrs S have said about their situation at the time.

I've seen nothing to make me think that Mr S wasn't eligible for the policy.

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

Mr S was entitled to 6 months' full sick pay. But I think PPI still could've been useful. It could've paid out in full for up to 12 months per claim in the event of accident and sickness. So the PPI provided better protection than Mr and Mrs S could've relied on getting through Mr S's employer. And the policy would've paid out on top of sick pay providing Mr and Mrs S with a useful benefit at a difficult time – especially if they had some extra costs as a result of Mr S being sick or disabled.

PPI would've also paid out for up to 12 months for any one claim if Mr S became unexpectedly unemployed.

Even though Mrs S was working as well, I think losing Mr S's income would've had a significant impact on their joint finances. I think it's likely this might've made it hard for Mrs S

to manage the mortgage monthly repayments on her own for very long if Mr S wasn't working - especially after the first 6 months off sick when his pay would've stopped. So I think the policy was worthwhile for them.

It's possible some information Lloyds gave Mr and Mrs S about the PPI wasn't as clear as it should've been. So I've thought about whether this would make any overall difference to the outcome of their complaint.

There were some policy exclusions and limitations which meant some things weren't covered under the policy. But it doesn't look as if this affected Mr S. So, I don't think having more information about things the policy didn't cover would've put him off taking it out.

I don't know when the PPI was explained to Mr and Mrs S – but I can see that it was set out in their mortgage offer. So they had an idea in advance about what it would cost them if they went ahead with the policy. I haven't seen anything to suggest that paying for the policy was a problem for them. And as Mr and Mrs S paid for this policy each month they could've cancelled it at any time without incurring any extra cost if they no longer wanted to pay to keep the policy Lloyds sold them.

Overall, it's possible there may have been some failings in the way this policy was sold. But I think Mr and Mrs S still would've decided to buy the policy if they'd been better informed as it gave them worthwhile protection in their particular situation. I don't think better information would've put them off buying PPI given the benefits it offered them.

I understand that what I've said will come as a disappointment to Mrs S 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 I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S, acting on behalf of herself and the estate of Mr S, to accept or reject my decision before 6 April 2021.

Susan Webb  
**Ombudsman**