

## **The complaint**

This is a complaint that Lloyds Bank PLC mis-sold Mr and Mrs G payment protection insurance (PPI).

## **What happened**

This complaint is about a monthly premium PPI policy taken out with a mortgage in 2008. This was a further advance used to consolidate debts. Mr and Mrs G had taken their original main mortgage in 2004, with a further advance in 2006. PPI was taken with these two mortgages, and the PPI only covered the payments on the further advance of 2008.

Our adjudicator said the complaint shouldn't be upheld. Mr and Mrs G disagreed with the adjudicator's opinion and so the complaint has 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 this case.

I've decided not to uphold this complaint. I will explain why.

Mr and Mrs G say they have no memory of being offered PPI and would have turned it down if it had been offered. They say it is not logical that they would have refused PPI for the first two loans, and yet have accepted it for the third loan. They say they didn't need PPI as they could have relied on family help if they needed it to pay the mortgage.

I am conscious that this all happened about 13 years ago, and it wouldn't be surprising if someone didn't remember the detail of everything from that long ago. So I can't be sure how much I can rely on their recollections now, without supporting evidence.

And there is in fact documentary evidence to support Lloyds assertion that Mr and Mrs G agreed to the PPI. There is a record of Lloyds recommending the PPI to them, and there is a signed PPI application form, along with a signed direct debit mandate for the premiums to be paid to the insurance company. So I do think it's likely Mr and Mrs G did agree to the PPI, even if they can't now remember it.

Lloyds recommended the PPI to Mr and Mrs G, and this means we would judge its sales process by a higher standard – it had to make sure the PPI was suitable for Mr and Mrs G's circumstances. However, it looks to me as though a recommendation would have been a suitable one, based on what I've seen of Mr and Mrs G's situation at the time:

- It's true that PPI was of questionable value for many people with certain types of borrowing. But finding yourself unable to pay a mortgage can lead to significant difficulties, and it was often sensible to consider covering yourself with PPI for this.

- It's likely Mr and Mrs G were eligible for the policy, so would have been entitled to make a claim if needed.
- The PPI would have paid benefits at the same time as Mr and Mrs G received any employer sick pay, and potentially for longer. It would have paid unemployment benefits in addition to any redundancy pay. And it would have put off the time when Mr and Mrs G would need to fall back on any savings or other means they may have had for paying the mortgage and other living costs. This all would have put Mr and Mrs G in a more secure position, if they'd eventually lost income due to long term sickness or unemployment.
- I've not been told anything to suggest Mr and Mrs G couldn't afford the PPI when they took it out; so it wasn't unsuitable in that way. And they could have cancelled the policy if this changed later on.
- There are some things the PPI didn't cover (exclusions). But it's unlikely Mr and Mrs G would have been affected by any of these.

So I think the PPI would have been potentially useful, and so a recommendation was suitable. It would then be up to Mr and Mrs G to decide whether they wanted to accept the recommendation and agree to buy the PPI.

It's hard to know how well Lloyds explained the costs and benefits of the policy. But I don't anyway think it's likely that full and clear information about this would have made a difference to whether or not Mr and Mrs G took the PPI. I think it's unlikely Mr and Mrs G would have agreed to the PPI without a basic understanding of the costs, and I think even full information is unlikely to have made the PPI seem less useful.

### **My final decision**

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 28 January 2022.

Timothy Bailey  
**Ombudsman**