

The complaint

Mr and Mrs N complain that Bradford & Bingley plc mis-sold a payment protection insurance (PPI) policy.

What happened

This complaint is about a PPI policy taken out by Mrs N in 1989 in connection with a mortgage that she took out with her late mother. Mr N was added to the mortgage several years later.

The policy provided Mrs N with cover if she couldn't work because of accident or sickness. Mrs N paid a monthly amount for the PPI.

Our adjudicator didn't recommend the complaint should be upheld. Mr and Mrs N disagreed with the adjudicator's opinion 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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – that is, what I think is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

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 Mr and Mrs N's case.

From the evidence I have seen I don't think that Bradford & Bingley recommended the policy to Mrs N, so the key question I need to consider is:

- Did Bradford & Bingley give Mrs N information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was considering buying?

If the answer to this question is no, then I need to consider whether Mrs N is worse off as a result. That is, would she have done something different – such as not taking out the policy – if there had been no problems with the sale?

I have decided that the PPI wasn't mis-sold and I've set out my reasons below.

Mrs N says Bradford & Bingley told her she had to take the PPI to get the mortgage she wanted. So she doesn't consider she was given a proper choice about buying the policy. I've noted everything Mrs N has said.

The difficulty I have is that I can't be sure what was discussed between Mrs N and Bradford & Bingley when the policy sold. I'm also mindful that these events took place over thirty years ago, and that exact recollections of what happened can fade over time.

Bradford & Bingley hasn't been able to provide much paperwork from the time the policy was sold. That's not surprising given the amount of time that's passed since the sale, and it's similar to some other cases I've seen. But it's provided a copy of the mortgage application form that Mrs N and her late mother completed. From what I've seen, there was nothing on the form to suggest that buying the PPI was a condition of getting the mortgage.

And it seems Mrs N had to decide whether she wanted accident and sickness cover only, or redundancy cover as well. Mrs N chose accident and sickness cover only.

Taking all of these points into account, and without anything else to support what Mrs N has told me, I haven't been able to safely conclude that Bradford & Bingley didn't make her aware that the policy was optional.

Mrs N satisfied the eligibility requirements of the policy when taking it out.

Mrs N suggests that the maximum pay out from any claim would've been £1,000. But this limit refers to the maximum *monthly* benefit amount. Mrs N's monthly benefit amount was £182, so I'm not persuaded she would've been affected by the limit she's referred to.

I can't see that the cost of the policy was clearly communicated to Mrs N before she agreed to buy it. But she chose to take out the policy, knowing she would have to pay something for it. The policy was competitively priced and had a reasonable benefit. So I don't think Mrs N would have made a different decision if better information about the cost had been provided.

Mrs N wasn't affected by any of the main things the policy didn't cover. So I don't think she needed better information about the policy's exclusions and limitations.

Bradford & Bingley didn't recommend the policy to Mrs N, so it didn't have to check her circumstances to make sure it was suitable for her. She had to decide that for herself.

But even if Bradford & Bingley had recommended the policy, from what I've seen of Mrs N's circumstances I don't think it was unsuitable for her. The policy would've paid out in addition to the employer sick pay Mrs N says she was entitled to, and would've meant she could've used those benefits to pay for other expenses. And Mrs N was borrowing a large amount for a long time, secured on her home, so failing to make the repayments promptly could've been serious for her. So I think Mrs N would've had some use for the policy, despite her existing arrangements.

In summary, I think Mrs N agreed to take out the cover, knowing she didn't have to. And given it provided broadly what I think she expected when she agreed to it, I don't think she would have made a different decision (and decided against taking it out) if she had been better informed about its cost and terms.

Which means Bradford & Bingley does not have to repay all of the cost of the PPI to Mr and Mrs N.

But Bradford & Bingley has paid back some of the cost of the PPI to Mr and Mrs N because:

- Bradford & Bingley got a high level of commission and profit share (more than 50% of the PPI premium) – so it should have told Mrs N about that. Because Bradford & Bingley didn't tell Mrs N, that was unfair.
- To put that right, Bradford & Bingley has paid back the amount of commission and profit share that was above 50% of the PPI premium – and I think that is fair in this case.

My final decision

The PPI policy wasn't mis-sold - so Bradford & Bingley plc does not have to pay back all of the cost of the PPI to Mr and Mrs N.

But Bradford & Bingley plc does have to pay back to Mr and Mrs N any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 2 February 2022.

Caroline Stirling
Ombudsman