DRN-3661084

The complaint

Mr S on behalf of the estate of his late mother, Mrs S, has complained that Lloyds Bank PLC mis-sold two mortgage payment protection insurance (PPI) policies. Mr S has also complained about the service he received from Lloyds Bank PLC when trying to sort out his mother's affairs.

What happened

Mrs S was sold the first policy in 2004 when re-mortgaging her property. The second sale took place in 2005 when Mrs S took out a further advance, at which time the policy was amended to cover the original mortgage and further advance amounts.

Our adjudicator didn't think that the PPI had been mis-sold and so did not uphold that part of the complaint. However, as she thought that Mr S had been subject to poor service and delays during his contact with Lloyds, she recommended that Lloyds pay £50 compensation.

Mr S disagrees with the adjudicator's opinion and so the complaint has been passed to me for 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.

Mr S says his mother didn't know she had PPI associated with her mortgage, meaning that it was added without her knowledge or consent.

I've seen some paperwork from both sales. On the 2004 mortgage application form, there is a tick in the 'yes' box indicating that Mrs S wished to apply for PPI. I've also seen the PPI proposal form that Mrs S has signed and dated. For the 2005 sale, I've seen the 'personal summary and our recommendation' form which shows that Mrs S was advised to top up her existing PPI cover to cover the increased mortgage amount. Mrs S has signed this form together with a separate customer declaration section. She has then additionally signed the PPI proposal form.

Based on the available evidence, I'm satisfied that the PPI was discussed with Mrs S in both 2004 and 2005 and that it was presented as optional. It seems to me that Mrs S decided to buy the PPI, knowing that she didn't have to.

As these were advised sales, Lloyds needed to ensure that the PPI met Mrs S's needs. And from what I know of her circumstances at the time, the policies were suitable for her.

Mrs S would have received sick pay from her employer. But the PPI would have paid out in addition to any sick pay and potentially for longer than Mrs S would have received full pay for. The money from the mortgages was used to make investments for her retirement. In addition, she also had two savings accounts with different banks. However, having the PPI would have allowed her to retain her savings or use them to cover other outgoings at what would have been a difficult time. It could also have avoided the need to cash in any investments early for which penalties might have been incurred. On balance I'm satisfied that Mrs S had a need for the PPI and could have benefitted from it.

Lloyds also needed to provide Mrs S with sufficient information for her to be able to make an informed choice about whether or not the PPI was right for her.

I think that Mrs S would have known something about the PPI – that it would cover her mortgage repayments if she was unable to work due to accident, sickness or unemployment – because I don't think she'd have decided to take it out without knowing anything at all about it. And I can see from the available paperwork that the costs were made clear to her, so she would have known how much she'd be paying for it each month.

It's possible that Lloyds didn't provide as much information as it should have about the PPI, particularly about the things that it didn't cover. But Mrs S wasn't affected by any of those things. For example, she didn't have any pre-existing medical conditions that might have been excluded. As I consider that she had an interest in the PPI and decided to buy it, I don't think that further information would have caused her to change her mind. So Mrs S was no worse off as a result of anything Lloyds may have done wrong, so there's nothing that Lloyds needs to do to put things right. It follows that I do not uphold the mis-sale complaint.

On another matter, Mrs S had to give up work due to ill health in 2012. Mr S says he contacted Lloyds at that time to enquire as to whether Mrs S had a PPI policy that could be claimed on and was told that she didn't. Lloyds has provided evidence that the PPI was cancelled in October 2006. Therefore, Lloyds correctly advised Mr S in 2012 that his mother didn't have a current PPI policy.

Our adjudicator has set out the delays and poor service that Mr S received during his contact with Lloyds, so I won't repeat it here. I agree that £50 is an appropriate amount for Lloyds to pay Mr S for his time, trouble and inconvenience.

My final decision

For the reasons set out above, I do not uphold the mis-sale complaint. However, I do uphold the part of the complaint about poor service and delays and require Lloyds Bank PLC to pay Mr S £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs S to accept or reject my decision before 27 September 2022.
Carole Clark
Ombudsman