DRN-3663011

The complaint

Mr and Mrs H have complained that Lloyds Bank PLC mis-sold them mortgage payment protection insurance (PPI) in 1995.

What happened

Mr and Mrs H's PPI policy was set up around the same time as the mortgage was arranged in February 1995.

I wrote a provisional decision earlier this month in which I explained why I was minded to uphold the complaint. In response to my provisional decision, both parties stated that they had nothing further to add.

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 when considering this case.

I've decided to uphold Mr and Mrs H's complaint and I'll explain why.

Lloyds needed to make it clear that Mr and Mrs H has a choice about taking out PPI. Looking at a copy of the mortgage application form dated 1 February 1995, there is a section for MortgageSure (which was the brand name of the PPI). There are 'Yes' and 'No' boxes to either select or request PPI. The 'Yes' box has been ticked but then crossed through. The 'No' box has then been ticked. The rest of the PPI section has then been scored through as not being relevant. It seems clear that Mr and Mrs H did not want to buy PPI at this point. Lloyds sent Mr and Mrs H a mortgage offer letter on 20 February 1995 (although Lloyds has supplied a copy of the same letter dated 8 February 1995). This letter confirms that PPI was 'Not Taken'. Lloyds then sent Mr and Mrs H a mortgage completion letter on 27 February 1995 which notes that PPI is 'Not Applicable'.

Lloyds has said that the PPI started at the same time as the mortgage. From the evidence I've seen, it appears that Mr and Mrs H said they didn't want PPI but somehow ended up with it anyway. Lloyds hasn't provided any evidence that Mr and Mrs H changed their minds and decided to buy PPI shortly after the mortgage had completed.

As neither party has made any further substantive comments, I see no reason to depart from the outcome I reached in my provisional decision. Therefore. based on the available evidence, I am unable to conclude that Mr and Mrs H were given a choice about buying the PPI. It follows that I uphold the complaint.

Putting things right

Lloyds should put Mr and Mrs H in the position they'd be in now if they hadn't taken out PPI. Lloyds should:

- Pay Mr and Mrs H the amount they paid each month for the PPI.
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year.†
- If Mr or Mrs H made a successful claim under the PPI policy, Lloyds can take off what they got from the claim from the amount it owes Mr and Mrs H.
- Lloyds can deduct the amount it has already paid for unfair commission from the amount it owes Mr and Mrs H.

† HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Mr and Mrs H a certificate showing how much tax it's taken off if they ask for one.

My final decision

My final decision is that I uphold Mr and Mrs H's complaint and require Lloyds Bank PLC to pay fair compensation as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 23 September 2022.
Carole Clark
Ombudsman