

The complaint

Mr and Mrs B have complained that the life and critical illness policy they bought from Bank of Scotland, trading as Halifax ("Halifax") was mis-sold.

What happened

Mr and Mrs B bought a property in 1999, with the assistance of a mortgage from Halifax. Alongside the mortgage they were sold a mortgage cover plan ("MCP"), which provided cover if either of them died or suffered a critical illness. And they were sold payment protection insurance (PPI). Mr and Mrs B paid off their mortgage in summer 2024. The MCP ended a few months later. In around 2016, Halifax confirmed Mr and Mrs B had been mis-sold the PPI and they were reimbursed.

In summer 2024, Mr and Mrs B complained to Halifax that the MCP had been mis-sold. They said they'd never needed the cover and had only bought it because Halifax staff had told them the mortgage couldn't go ahead unless they took the cover.

Halifax rejected Mr and Mrs B's complaint. They said the MCP had been suitable for their circumstances at the time it was sold. And it had never been a requirement of the mortgage that the plan be purchased.

Mr and Mrs B didn't accept Halifax's response and brought their complaint to our service. Our investigator considered the information provided by both parties and concluded Halifax didn't need to do any more to resolve the complaint. He was satisfied the available evidence showed the plan had been recommended, rather than being a requirement of the mortgage. And he didn't think that recommendation was unsuitable for Mr and Mrs B at the time it was made – so he couldn't say the policy had been mis-sold.

Mr and Mrs B didn't agree with our investigator's view and maintain they had sufficient resources to pay off the mortgage if needed – so the policy had been mis-sold. The matter's now been passed to me to make a final 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.

It's clear from everything I've seen that Mr and Mrs B feel very strongly that their MCP was mis-sold. They've pointed out it was sold to them at the same time as their PPI policy – which Halifax acknowledged was mis-sold.

I understand why this has brought the two together in their minds. But they were separate policies, providing different types of cover. That means it was possible for one to be sold appropriately, while the other was mis-sold. Each policy has to be assessed individually. I can't say the MCP was mis-sold just because Halifax have accepted the PPI was.

Mr and Mrs B are certain they were told they wouldn't be able to proceed with the mortgage unless they bought the MCP. Halifax have said that this has never been a requirement of their mortgages.

Given the time that has passed, there's not much documentary evidence available to support either party's position. But Halifax have been able to provide a copy of the financial questionnaire completed by Mr and Mrs B in their local Halifax branch. This records they agreed to receive advice, and that the MCP was recommended to them, having considered the financial information they provided. In the absence on any other evidence on this point, I'm not persuaded Mr and Mrs B were told they had no option but to buy the MCP.

I've also considered the financial questionnaire in relation to Mr and Mrs B's testimony that the MCP was mis-sold because it wasn't a product they ever needed, and they had resources to pay off the mortgage if needed. They've supported this by explaining that this was how they managed when Mr B fell ill in the mid-2010s.

In respect of this latter point, while I'm pleased to see Mr and Mrs B were able to manage when Mr B was unwell, that was many years after the MCP was purchased. So it doesn't persuade me it was unsuitable for them in 1999.

The questionnaire records details of Mr and Mrs B's financial situation, including details such as salaries, outgoings, savings and the value of benefits they received as employees. It shows that Mr B was self-employed. But Mrs B was employed and received a number of benefits from her employer, including sick pay and a death in service benefit.

I accept from reading this that Mrs B wasn't entirely without cover should she die or become unable to work. But the figures captured in the questionnaire are considerably lower than the value of their mortgage. So I'm not satisfied from the available evidence that Mr and Mrs B had sufficient funds to pay off their mortgage should it have proved necessary. The MCP gave them that option and so was, in my view, suitable for their needs. And, for that reason, I don't think Halifax need to do any more to resolve Mr and Mrs B's complaint.

My final decision

For the reasons I've explained, I'm not upholding Mr and Mrs B's complaint about Bank of Scotland, trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 13 February 2025.

Helen Stacey
Ombudsman