

## **complaint**

Mr and Mrs B say Bank of Scotland plc (trading as Halifax) mis-sold them payment protection insurance (PPI). They also say BoS mis-handled their complaint.

## **background**

Mr and Mrs B applied for a mortgage with BoS in October 1996. In January 1997 BoS then sold them a PPI policy. This would've paid a monthly benefit of £500 for up to 12 months per claim if Mr B lost his job or was off work because he was sick or had had an accident.

Mr and Mrs B say they don't recall any discussion about PPI and didn't know they had it until their representative ran a PPI check. BoS records show Mr B cancelled the policy in 2005.

Mr and Mrs B don't think BoS investigated their mis-sale complaint properly. And they're unhappy they were contacted by the bank when they'd moved abroad.

In our last assessment, the adjudicator who looked at Mr and Mrs B's complaint didn't uphold it. He didn't think BoS had mis-sold the PPI nor did he think it had done anything wrong in dealing with their complaint.

Mr and Mrs B disagree and so their complaint has come to me to decide.

## **my findings**

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 Mr and Mrs B's complaint about their PPI.

Having done so, I've decided not to uphold Mr and Mrs B's complaint. I'll explain why, looking at their two complaint points separately.

### ***The sale of Mr and Mrs B's PPI***

Mr and Mrs B say they didn't know they had PPI. Mr B says he was made redundant in 2000 and didn't claim on the policy. He says this shows he didn't know he had it.

But from what I've seen, I think Mr B agreed to it at the time, knowing he had a choice. I can see from Mr and Mrs B's mortgage application, which they signed in October 1996, that they didn't buy PPI then. I say this because a box in the application form headed "*Accident, sickness and unemployment cover*" has been left blank. But, three months later, in January 1997, Mr B signed a separate PPI application form saying he wished to apply for cover. The application form sets out the monthly benefit and the cost of the cover. In it, Mr B has answered "*no*" various questions that might've affected his ability to make a claim.

Mr B's representative says that, looking at the application form, it's easy to see why Mr B didn't know what it was. I disagree. I think the form is clear, and I say this especially since Mr B was taking the PPI out some time after he and Mrs B would've completed all the mortgage application paperwork.

I've thought about what Mr B says about not claiming for his redundancy in 2000. But it doesn't change my conclusion on this point. It's possible Mr B didn't claim because he'd never known he had the policy. But there are many reasons why people don't make insurance claims. Also, in deciding whether or not to uphold a complaint about the mis-sale of PPI, I have to look at what I think is likely to have happened *at the time* it was sold – and not at what a consumer did or didn't do some years later. And, as I've said, at the time I think Mr B agreed to it.

I've gone on to see if there are any other reasons why I should uphold Mr and Mrs B's complaint about the PPI. I don't think there are. BoS says it recommended it to them so it needed to make sure it was right for them. From what I've seen, I think it was. I say this because:

- I think Mr B qualified for the cover. To be eligible, he had to have a mortgage with BoS, apply for the cover, be working, be over 18 and under 60 and not know of any impending unemployment.
- I don't think that, when Mr B took out the cover, he was caught by any of the main things the policy didn't cover which would've made it difficult for him to make a claim – like known health issues or unusual employment terms.

Mr B says that, in 2000, he moved abroad. He says he wouldn't have been able to claim unemployment cover from this time. That's because, under the policy, he'd have needed to show he'd been working in the UK.

Mr and Mrs B say BoS should've told them about this policy term when they bought the PPI. I disagree. There are many things we think a business should tell a customer at the beginning of an insurance contract, so they're properly advised and can make an informed decision about whether they want a product. But I don't think this is one of them.

The policy required policyholders to inform BoS of changes in their circumstances. And I think the onus is on policyholders to decide if moving abroad is something they need to tell their insurer about.

Although this all happened a long time ago, it's possible Mr B could make a retrospective claim for unemployment and/or get his premiums refunded for the period when the policy wasn't "on risk" between 2000 and 2005. But he'd need to contact BoS about this separately.

- Mr and Mrs B say they had good sick pay and redundancy packages as well as shares and savings worth around £15,000. They say they didn't need the policy.

Looking at Mr and Mrs B's mortgage application, I can't see any reference to this level of savings. It only mentions £1,000 in a building society account. I can see they put down a relatively small deposit of around 5% and were charged something called a "higher lending charge" of just over a £1,000 (possibly because of the size of the deposit). I'm not sure this is consistent with the level of savings Mr and Mrs B now say they had.

But even with £15,000 in savings, I don't think the PPI was unsuitable.

Mr and Mrs B's mortgage, which was more than £68,000, was a significant financial commitment. It was secured on their home, which would've been at risk if they fell behind with their mortgage repayments. The PPI would've paid out on top of their workplace benefits. And as homeowners with various ongoing financial commitments I think it would've given them peace of mind to know their mortgage was covered if Mr B lost his job or was off sick for some time. Also, I don't think the policy's cost was unreasonable when compared with its potential benefits nor does it seem to have been unaffordable for Mr and Mrs B.

- Mr and Mrs B also say the policy benefit split was inappropriate. That's because they were both working but only Mr B was covered. The last adjudicator who looked at Mr and Mrs B's complaint disagreed, saying they chose the split they wanted in their application. I would add that, no matter how the cover was set up, the overall cost to Mr and Mrs B would've been the same. Although the policy only covered Mr B, the cost wouldn't have changed had the benefit been shared between them. So they'd only have been worse off if Mrs B needed to make a claim. And, from the information I've got, she didn't.

As well as making sure the PPI was right for Mr and Mrs B, BoS also had to give them clear enough information for them to make an informed decision about whether they wanted it. I can't be sure BoS did everything it should've here. But, even if it didn't, I don't think clearer information would've changed Mr and Mrs B's decision to buy it. As I've said, I think Mr B agreed to it and it was suitable for them.

I've looked at all the other comments Mr and Mrs B and their representative have made about the sale of the PPI but they don't change my conclusions. I don't think BoS has treated Mr and Mrs B unfairly.

### ***the handling of Mr and Mrs B's complaint***

Mr and Mrs B say BoS didn't deal with many of their complaint points and continued to contact them even when their representative asked them not to. They want BoS to pay them £100 as compensation for this.

I can see BoS's final response letter was quite generic. But it sent Mr and Mrs B a further response quite quickly after they complained.

Mr and Mrs B's representative did ask BoS not to contact Mr and Mrs B. But it didn't say this was because they'd moved abroad. And it's reasonable, and within the regulatory rules BoS must operate under, for it to contact a consumer directly about a complaint it's investigating even when a third party is involved.

I don't think BoS treated Mr and Mrs B unfairly in the way it handled their complaint. So I don't think it needs to give them any compensation.

**my final decision**

For the reasons I've given, I don't uphold Mr and Mrs B complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 28 March 2017.

Jane Gallacher  
**ombudsman**