Financial Ombudsman Service

complaint

Miss C says The Royal Bank of Scotland Plc (RBS) mis-sold her a payment protection insurance (PPI) policy.

background

This complaint is about a mortgage PPI policy taken out in December 2002. The policy was taken out in one of the bank's branches when Miss C was re-mortgaging her property. The policy provided cover for accident, sickness and unemployment.

Our adjudicator didn't uphold the complaint. Miss C disagreed with the adjudicator's opinion so the complaint was passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And I've taken into account the law and good industry practice at the time the policy was sold.

Our approach to PPI complaints is on our website and I've followed it here. I need to decide whether RBS did something wrong when it sold this policy. If so, I then need to decide if that left Miss C worse off, and so if RBS now needs to do something to put things right.

I've decided not to uphold Miss C's complaint. I'll explain why.

how was the PPI sold to Miss C, and did she agree to buy it, knowing she didn't have to?

Miss C told us she agreed to take the PPI policy. The mortgage application she signed reflects this. And the mortgage offer confirmed 'You have selected a monthly benefit of £150 for Miss C under Mortgage Payment Protector'.

I know Miss C feels strongly the way the PPI was discussed made her feel pressured into buying it. I can't know what the bank said but, based on Miss C's recollections of the meeting and the things the bank suggested she think about, I don't think there's enough evidence to conclude she was pressured. She has also told us the bank finished by saying 'it's entirely up to you'.

So I'm satisfied Miss C knew PPI was optional and she chose to take it out.

In Miss C's response to our adjudicator's recommendation she recalls how she was told it was 'in her best interests to consider it' based on factors such as her being a single parent and the uncertain job market. As I've said, we can't know for sure what was said in the meeting. I note RBS is confident this wasn't an advised sale. But I think, on balance, it's most likely there was a recommendation - even if it wasn't intentional.

so, was the policy suitable for Miss C?

I think it was based on what I've seen of her circumstances at the time. I say this because:

- Miss C was eligible for the policy given her circumstances and the PPI terms and conditions.

- Miss C says she would've got 12-15 weeks' full pay if she was off sick and she had some savings. But the policy would've paid out in addition to this and for longer. Having it would mean Miss C could use her sick pay and savings to pay for other living expenses. And in addition, the policy would've protected her if she was made redundant. So I think Miss C could've found this cover useful.

- There were some terms of the policy that would make it less useful for some people, for example if they were self-employed or had health problems. But Miss C wouldn't have been affected by terms like that.

- The PPI policy document and the mortgage offer set out what the policy would cost each month and the monthly benefit that could be paid out. And there's nothing to suggest it was unaffordable or that the benefit wasn't enough to meet Miss C's mortgage repayments.

did RBS give Miss C clear information about the policy?

It's possible the information the bank gave Miss C about the PPI wasn't as clear as it should've been. She said she wasn't told much about the PPI, but does recall getting the terms and conditions and being advised to read them. As she chose to take out the policy I think she appears to have wanted this type of cover. I think it's unlikely Miss C would've made a different decision if better information had been provided. Overall, I think she would still have taken out the policy as she wanted to protect her home. So any lack of clear information hasn't made Miss C any worse off.

my final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 February 2016.

Rebecca Connelley
ombudsman