

complaint

Mr and Mrs A complain that Bank of Scotland plc (trading as "Halifax") mis-sold them a monthly premium payment protection insurance ("PPI") policy alongside a secured loan in 2002.

The policy included cover for accident, sickness and unemployment. It also included life cover. Under the terms of the policy, only Mr A had the benefit of cover.

Mr and Mrs A, who are represented by a third party say that the PPI was automatically added to their loan and that it was poor value.

background

Our adjudicator told Mr and Mrs A why she didn't think that the policy had been mis-sold. Mr and Mrs A did not agree with this view and so asked for their complaint to be looked at by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The way we handle complaints about the sale of all types of payment protection insurance is explained on our web-site, and I followed this approach when I reviewed this case.

Having considered this case with care, I have decided that the complaint should not be upheld. I have set out my reasons below.

Mr and Mrs A say they bought the PPI when they filled out a leaflet. Halifax says that Mr and Mrs A bought it at a meeting at one of their branches. The paperwork I have seen from the sale suggests to me that the sale took place at a meeting.

From the available paperwork, I can see that on the Personal Loan Agreement Mr and Mrs A showed they wanted to want to buy PPI by putting an 'X' in the 'Yes' box beside the statement 'Do you want Personal Loan Repayments Cover?' The monthly amount of the PPI is then shown immediately underneath. This suggests to me that Halifax gave Mr A a choice about taking out the PPI policy. The 'Yes' and 'No' boxes were the same size and the 'Yes' box was 'checked'.

I can also see that the 'Yes' box was probably pre-checked. This suggests to me that Halifax's representative had most likely noted during the meeting that Mr and Mrs A wanted to buy PPI. But I would still have expected them to look over the agreement before they signed it.

Having taken all of this into account, I think it's more likely than not that Mr and Mrs A decided to buy the PPI. So I also think they would have been aware that it was being added to their loan.

Mr and Mrs A say that Halifax didn't give them advice to buy the PPI. But Halifax says that it recommended the PPI to Mr and Mrs A. If Halifax gave advice, it would have had to make sure that advice was suitable for Mr and Mrs A. I don't need to make a finding on this point

because, even if I held Halifax to the higher standard and said it did give advice, I don't think the policy was unsuitable based on what I've seen of Mr and Mrs A's circumstances at the time.

I say this because Mr and Mrs A weren't disadvantaged by any of the common limitations or conditions on the cover. It appears that Mr A was in good health and in full time employment when he applied for the policy. Also, his age and the fact that he lived in the UK made him eligible for the policy.

From the information that Mr and Mrs A have given us, I haven't seen enough to make me sure that they had adequate alternative resources to call upon if Mr A was made ill or unemployed. This policy would have paid the monthly repayments for up to 60 months if Mr A wasn't able to work due to accident or sickness and for up to 12 months if he lost his job. It would also have cleared the full loan debt if Mr A died. And it would pay out in addition to any other means that Mr and Mrs A may have had and so probably would have eased the pressure on their household finances. So I think it perfectly reasonable that Mr and Mrs A would have bought the policy offered for the reassurance and protection that it gave them.

I cannot know how the costs of the policy were described to Mr and Mrs A during the meeting. But, as shown on the loan agreement, I've seen that it would have cost around £2.00 per month and would have paid out around £24 per month for a successful claim. This was a policy that was paid for monthly, so no interest was charged on it.

Halifax also had to make sure that the main features of the policy were made clear to Mr and Mrs A, so that they could decide whether they wanted to take the cover. While I cannot be sure that it gave Mr and Mrs A all the information that it should have, I don't think they would have made a different decision about buying the policy, even if they had been given more, or better, information about it. That further information would have simply shown that Mr A was eligible for the policy, not caught by the significant limitations and that it was generally useful to him.

I appreciate that my decision will come as a disappointment to Mr and Mrs A, but I do not find that the policy was mis-sold to them, so I do not uphold this complaint.

my final decision

For the reasons that I explained above, I do not think that the policy was mis-sold to Mr and Mrs A. I make no award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs A to accept or reject my decision before 29 January 2015.

Michael Goldberg
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