

complaint

Mr and Mrs M say Lloyds Bank PLC (“Lloyds”) mis-sold them a mortgage payment protection insurance (“PPI”) policy – called TSB Mortgagesure.

background

Mr and Mrs M took out a PPI policy with a mortgage in 1992, which they paid a monthly amount for.

Our adjudicator didn’t uphold the complaint. Mr and Mrs M disagreed with the adjudicator’s opinion, so the complaint has been passed 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 M’s case.

After doing so, I’ve decided that Mr and Mrs M’s PPI policy wasn’t mis-sold – I’ll explain why.

Mr and Mrs M say they were told they had to have the policy in order to get the mortgage. They also say they weren’t told it would only pay out for 12 months.

I will look at whether the policy was presented as optional. I do have the application for the mortgage but there isn’t any paperwork for the sale of the PPI. But I don’t find this surprising as the sale was over 25 years ago and the mortgage has been redeemed. Businesses aren’t obliged to keep paperwork indefinitely.

Mr and Mrs M have been able to give us a copy of the letter they received shortly after the application which confirmed receipt of the TSB Mortgagesure application, that it had been accepted, the policy was live and gave details of the cost and benefit split. So this would suggest that the PPI application was separate from the mortgage application itself and not all part of the same document.

The mortgage and the PPI were applied for at a meeting. I can’t know what was said during the meeting. I appreciate that Mr and Mrs M have provided the best recollection they have. And I would like to assure them that I have taken their comments into consideration. But I have to be persuaded that it was more likely than not that they were told they had to have the policy.

As Lloyds advised Mr and Mrs M to take out the policy, I think it’s just as likely they were told they *should* take out the policy, rather than they *had* to. And looking at their circumstances, I don’t think that would have been unsuitable advice – even with the benefit being limited to 12 months. I haven’t seen enough in this case to make me to decide Mr and Mrs M’s version of events is what more likely than not happened. I haven’t seen enough to persuade me Lloyds misled Mr and Mrs M about the MPPI being optional and how long the benefits would be paid.

As mentioned above, Lloyds advised Mr and Mrs M to take out the policy. This means that it assessed their circumstances and abilities to meet their repayments and made a formal

recommendation to take out PPI. When a business recommends a consumer take a policy as in this case – the business has to make sure it is right for their circumstances. And based on what I've seen, I think it was.

Both Mr and Mrs M were employed when the policy was sold. Mr M was paid twice as much as Mrs M so the policy benefit split of two thirds in favour of Mr M and one third in favour of Mrs M seems to have been thought about and addressed. Both Mr and Mrs M have told us they would have received some employee sick pay if they weren't able to work. In the event of a successful claim the policy would have paid out over and above any employee benefits Mr and Mrs M may have received, and for much longer – up to 12 months. So any employee benefits they received could have been used for other essential household outgoings at what could have been a difficult time for them. The policy would have also paid out in the case of involuntary redundancy.

Mr and Mrs M have told us they had some savings they could have relied upon and also family could have helped financially. But the policy would have meant their savings remained intact for either their original purpose or another emergency. And while no doubt Mr and Mrs M's family would have wanted to help, their own financial circumstances could have changed so their offer could not be guaranteed.

Taking a mortgage is a large and long term financial commitment. The penalties for not making the monthly repayments are serious – even so far as losing their home. So I think the policy gave Mr and Mrs M a financial comfort they wouldn't otherwise have had.

I don't know if it had been explained before but the cost of the policy was shown on the TSB Mortgagesure welcome letter. So I think Mr and Mrs M would have understood how much they would need to pay for it.

It's possible that Lloyds didn't point out the main things the policy wouldn't cover – a pre-existing medical condition as an example. But Mr and Mrs M don't appear to have been affected by any of those things.

I've taken into account Mr and Mrs M's comments, including what they said about having to have the policy and the limit to the time it would pay benefit. But because of what I've said, these points don't change my mind.

my final decision

For the reasons I explained above, I don't uphold Mr and Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 3 November 2019.

Catherine Langley
ombudsman