

complaint

This complaint is about a regular premium mortgage payment protection insurance (MPPI) policy. Mr and Mrs D say Lloyds Bank plc trading as TSB, mis-sold them this policy.

background

In 1996, Mr and Mrs D took out an MPPI policy together with their mortgage. The policy covered Mr D in the event of him becoming unable to work or losing his job. Mrs D wasn't employed at the time and so wasn't eligible for the MPPI cover.

Our adjudicator in this case said the complaint shouldn't be upheld. Mr and Mrs D disagreed so the complaint has been passed to me for an ombudsman's decision.

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 this case.

Having done this, I've decided not to uphold Mr and Mrs D's complaint.

Mr and Mrs D raised a number of points in their complaint including that the information they were given wasn't good enough. However, they said they didn't know the MPPI policy had been added to their mortgage at all, but also, that they were told it would be easier to get their mortgage approved if they bought an MPPI policy.

Clearly both these reasons can't be correct so I began by looking at the circumstances of the sale. This policy was sold at a meeting in a branch and although it's not entirely clear, I think it's likely that the policy was recommended to Mr and Mrs D. This means Lloyds was under an obligation to make sure the policy was suitable for Mr and Mrs D's needs. It also had to provide information that was clear, fair and not misleading so Mr and Mrs D could make an informed choice about whether or not to buy the policy.

I looked to see if I thought this was a suitable policy for Mr and Mrs D. After such a long time, this can be difficult to judge because different people have different attitudes to risk and some think this type of cover is a sensible precaution, whilst others don't.

So I considered Mr and Mrs D's ages, jobs, health and circumstances of the time to help me decide. I think Mr D, who was the person covered, was eligible for the cover and I don't think that he'd have been 'caught' by any of the major policy exclusions. He told us he had sickness protection already, with his job.

But this doesn't necessarily mean the policy was of no use to them. In the event of a successful claim, it could have paid a monthly benefit which would have been in addition to any work-related benefits Mr D already had. I also think the cost of the policy was comparable with others I know were marketed at around that time and there's no evidence to suggest it was unaffordable for them.

Looking at their wider financial circumstances, I think their mortgage would have been a significant commitment, so taking account of all these things, I don't think the policy or the way it was arranged was unsuitable for Mr and Mrs D.

After such a long time, not all the documents from the sale are still available, which isn't unusual after almost 20 years. However, I was sent a copy of Mr and Mrs D's *Mortgage Offer* and can see that the MPPI was set out prominently. The monthly costs of the mortgage, MPPI and property insurance were all listed separately on a single page with their individual costs shown.

I can also see on their *Mortgage Application* Mr and Mrs D's eligibility for this type of cover was assessed. So I think that these documents, taken together, show that it's more likely than not MPPI was discussed with the Lloyds adviser.

Finally, I can see Mr D made two separate claims on the policy for which he was paid a total of almost £700 in 1999. I think this demonstrates that Mr D was fully aware of the policy and – because he retained it for some time after – that he found the cover to be something he found useful to their circumstances.

Taking all this information in to account, I think it's quite clear that Mr and Mrs D had a use for the policy and that's why they bought it. Policies of this type are there to remove the added pressure of paying a mortgage whilst in financially difficult times such as becoming unable to work, or losing a job.

I can fully understand that because this was so long ago, Mr and Mrs D may not remember everything that happened. But the facts I've seen about this case strongly suggest Mr and Mrs D would have agreed to buy the policy and they went on to benefit from the cover it offered.

I don't think this policy was mis-sold.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs D's complaint., and I don't direct Lloyds Bank plc to do anything to put matters right.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 8 February 2016.

Michael Campbell
ombudsman