

complaint

Mr and Mrs D complain that Lloyds Bank PLC mis-sold them a mortgage payment protection insurance ("PPI") policy.

background

In 1996, Mr and Mrs D took out a TSB mortgage with PPI to protect their monthly mortgage repayments if either Mr or Mrs D couldn't work. The previous year, Lloyds and TSB had merged. So Lloyds is responsible for dealing with Mr and Mrs D's complaint.

Mr and Mrs D told us that they weren't aware that PPI was added to their mortgage at the time of the sale. They said PPI was never discussed with them and they didn't sign in agreement with it.

Our adjudicator looked at this complaint and didn't think it should be upheld. Mr and Mrs D disagree, and they'd like an ombudsman to review what's happened. So this complaint has been 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. 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.

Mr and Mrs D took out the mortgage in joint names and they both had PPI, so I've looked at both their circumstances when the policy was taken out.

I've decided not to uphold Mr and Mrs D's complaint. Here are my reasons:

- Mr and Mrs D were both eligible for the policy given their circumstances and the PPI terms and conditions that applied.
- I think Lloyds probably did make Mr and Mrs D aware that the PPI was optional and that they chose to have it. I can see that there's a section on their mortgage application that asks if they want to have PPI. This is ticked to include the cover. I've taken into account that Mr and Mrs D are concerned that the form might've been ticked to add on PPI after they'd signed it. But I don't think that's likely. I say this because they also opted for an unequal benefit split. So it looks to me as if they must've discussed how they wanted to share the benefit of the policy between them.
- As this happened so long ago, it's easy to understand how Mr and Mrs D could've forgotten some of these details now. And I can't be sure what was discussed between them and Lloyds at the time they took out the PPI. But I don't think the evidence is strong enough for me safely to say that Lloyds didn't make it clear that it was open to Mr and Mrs D not to choose PPI if they didn't want to have it, just based on what they say now.
- Lloyds recommended the policy to Mr and Mrs D and it doesn't look as if it was unsuitable for either of them based on what I've seen of their circumstances at the time. Mr D didn't have any significant alternative means he could've relied on to pay their

mortgage if he couldn't work. Mrs D would've had some sick pay. But, the policy would've paid her share of the mortgage repayments for longer than she would've received sick pay from her employer if she couldn't work. So this would've been a useful benefit at a difficult time. Looking at the information I've got, I don't think it's likely that either Mr or Mrs D could've managed the mortgage monthly repayments on their own if the other wasn't working. So, I can't reasonably say that they didn't need the policy. And the benefit split (60% and 40%) seems suitable in their particular circumstances.

- Mr D was self-employed at the time. But I don't think this would've made it particularly difficult for him to make a claim. And Mr and Mrs D weren't affected by any of the other conditions limiting the policy's main benefits, such as those affecting anyone with a pre-existing medical condition. So, as they could've benefitted from the full extent of the cover, I think it unlikely that better advice or information about the policy's exclusions and limitations would've affected their decision to take out the policy.
- It's possible some of the information Lloyds gave Mr and Mrs D about the PPI wasn't as clear as it should've been. But I think they chose to take out the policy and so it appears to me they did want to have this type of cover. I think Mr and Mrs D would've understood what they were paying for, and the benefit they'd get. I think it unlikely they would've made a different decision if better information had been provided.

On balance, I find that:

- Lloyds's recommendation was suitable for Mr and Mrs D
- they were given enough information to make a properly informed decision
- more or better information about the PPI probably wouldn't have made any difference to their decision to take the policy out to protect their mortgage repayments.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 19 December 2016.

Susan Webb
ombudsman