

complaint

Mr and Mrs Q, through their representative claims management company, complain that Bank of Scotland Plc (BoS) mis-sold them regular premium payment protection insurance (PPI) with a long term secured personal loan.

background

Mr and Mrs Q took out a personal loan in 2002 during a meeting at a BoS branch. At the same time they were sold the PPI policy. The loan was in joint names but the PPI policy covered only Mr Q.

The policy cost £13.81 per month and would have paid a monthly benefit if Mr Q couldn't work due to an accident, sickness or unemployment. The policy also provided Mr Q with life cover.

Our adjudicator has not upheld Mr and Mrs Q's complaint. Mr and Mrs Q do not agree with the adjudicator's assessment and have asked that an ombudsman make a decision.

my findings

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

I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

I have decided not to uphold Mr and Mrs Q's complaint.

was it made clear to Mr and Mrs Q that PPI was optional?

BoS has provided us with a copy of the loan agreement. In the section about PPI there are two boxes marked "Yes" and "No". I can see the "Yes" box has been marked with a printed X and Mr and Mrs Q have signed the form below this. Although the X has been printed I think it's likely the form was completed that way during the meeting and then passed to Mr and Mrs Q to sign.

I have no doubt that what Mr and Mrs Q have said represents their honest recollections of what took place at the meeting but I must take into account the meeting took place over ten years ago and memories do fade.

Taking everything into account, I think that Mr and Mrs Q knew that the PPI was optional and decided to buy it.

were Mr and Mrs Q pressured into having PPI?

Mr and Mrs Q have provided little, if any detail about this element of their complaint. BoS says that no pressure was put upon them to have PPI.

Without additional evidence to support such a complaint I cannot safely say that pressure was applied to Mr and Mrs Q to have PPI.

was the policy suitable for Mr Q?

BoS has said it provided advice to Mr and Mrs Q. So it had to take steps to ensure the PPI policy was suitable for them.

Mr Q fulfilled the eligibility criteria for the policy. From what I have been told of Mr Q's circumstances at the time he would not have been excluded from making a claim and would have been able to make full use of the PPI if he had to make a claim.

Mr Q says that he would have received 95% of his salary from his employer for up to six months in the event that he was off work due to accident or sickness. Mr and Mrs Q have also said that they would not have had any other means of making the loan repayments.

The PPI would have paid out in addition to and for significantly longer than Mr Q's other means. It would also have paid out if Mr Q became unemployed. This would have provided a valuable benefit and, since the loan was secured against their house, it would have protected a significant asset in the event that it became necessary for Mr Q to make a claim.

Given the above circumstances it would appear that the PPI recommended by BoS was suitable.

were Mr and Mrs Q provided with appropriate information?

I can't be sure Mr and Mrs Q were given the information they needed about the policy. However, I don't think knowing more about the policy would have affected their decision. They had some information about the cost because this is set out in the loan agreement. In any case looking at their circumstances at the time I think they would probably have considered it a reasonable precaution to have PPI and I don't think there's anything about the cost of the policy that would have put them off taking it out.

summary

I think that Mr and Mrs Q were aware that the PPI was optional. I cannot safely find that pressure was put upon them to have PPI. I think that the PPI was suitable for their needs and, even if they had been provided with sufficient information, they would have decided to have PPI.

my final decision

For the above reasons I do not uphold Mr and Mrs Q's complaint against Bank of Scotland Plc.

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

Peter Kemp
ombudsman