

complaint

Mr and Mrs J say that Bradford & Bingley Plc (B&B) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs J took out a mortgage with B&B in 1997. At the same time they bought monthly premium PPI to cover their repayments if Mr J had been unable to work. They took out several further advances up until 2004 and each time they either retained their existing PPI cover or increased it.

Mr and Mrs J's main concern is that they say that they felt obliged to buy PPI. They say they were led to believe that it was part of the package in terms of getting a mortgage and further advances. B&B says that Mr and Mrs J were given enough information to decide if the policy was right for them and that they opted to buy the policy.

The adjudicator didn't uphold Mr and Mrs J's complaint. They disagreed and so the case has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the 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 J's case.

I'm not upholding Mr and Mrs J's complaint.

B&B has given us a number of documents from the time of the sale in 1997, as well as from the further advances that Mr and Mrs J took out. This includes Mr and Mrs J's mortgage application form, the applications for further advances and for PPI.

Mr and Mrs J have made it very clear that they think B&B told them that their mortgage and subsequent advances would only be approved if they had some form of cover in place. I don't doubt their sincerity but given that the original sale happened nearly 17 years ago I think it's possible that some of the details have been forgotten.

I can see from the documents supplied that there were conversations about PPI and Mr and Mrs J's circumstances. For example they opt for a policy covering Mr J for accident and sickness only, possibly because he was self-employed and the terms for unemployment cover would've made it difficult to make a claim in his circumstances. And they chose a level of benefit to cover their mortgage repayment as well as their insurance premiums. The section on PPI in the mortgage application form was couched in terms of whether Mr and Mrs J '*wished*' to take advantage of the policy. The applications for their further advances had separate sections about whether PPI was required and separate application forms had to be completed for these.

So having read all of the documents and taking into account what both parties have told me I can't fairly conclude that B&B insisted that Mr and Mrs J bought PPI as a condition of their mortgage and further advances. I'm sure that B&B advertised the benefits of PPI, but that's not the same as making it a condition of lending to them.

I think it's more likely that at the time Mr and Mrs J decided that buying PPI would provide them with potentially useful benefits.

It's not clear to me whether B&B provided advice to Mr and Mrs J about buying PPI, or only information. So I've decided to treat the sale of the policy as an advised sale because even though this holds B&B to a higher test it doesn't affect the outcome in this case.

If B&B recommended the policy to Mr and Mrs J it had to take reasonable steps to ensure that it was suitable. I've looked again at the policy benefits, cost of cover and what I know about Mr and Mrs J's overall financial circumstances at the time of the sale. And I think that:

- Mr J was eligible for the policy.
- Mr J wouldn't have been affected by the main exclusions or limitations in the policies, such as those for existing medical conditions.
- Mr J didn't have any sick pay entitlement. So PPI would've covered their mortgage repayments if he couldn't work because he was ill. It would've given him cover for up to 12 months per successful claim. And he could've made multiple claims. So I think the policy would've given Mr and Mrs J peace of mind about meeting the repayments on their mortgage, which was a significant financial commitment.
- The PPI was competitively priced. At the time the policy seems to have been affordable. The PPI was paid for by a regular premium so the policy could've been cancelled without penalty.

So when I weigh everything up, I think that the policy was suitable for Mr and Mrs J.

B&B needed to make sure that Mr and Mrs J had enough information so that they could make a proper choice about if PPI was right for them. I don't know how much detail the adviser went into during the meeting with Mr and Mrs J or how things were explained.

But even if there were problems with the information and advice that B&B gave to Mr and Mrs J, I don't think it would've made a difference to their decision. I think Mr and Mrs J would still have bought the policy if they'd had all the right information. I say this for the reasons I've already given above.

So, I've decided that in this case Mr and Mrs J haven't lost out as a result of anything B&B might've done wrong in relation to the sale of PPI.

my final decision

For the reasons set out above, I'm not upholding Mr and Mrs J's complaint.

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

Kevin Williamson
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