

complaint

Mrs B complains that Lloyds Bank plc mis-sold her a payment protection insurance (“PPI”) policy. The complaint is brought on her behalf by a claims management company.

background

This complaint is about a mortgage PPI policy taken out in March 1997. The policy was taken out during a meeting when Mrs B was applying for a mortgage. The policy provided her with cover for accident, sickness and unemployment.

Our adjudicator didn’t recommend that the complaint should be upheld. Mrs B didn’t agree. She said, in summary, that her job was secure, she would’ve received sick pay and she had some savings. She also said her husband had a high level of earnings.

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 Mrs B’s complaint.

I’ve decided not to uphold Mrs B’s complaint for the following reasons:

Mrs B says she didn’t know she had PPI and that she doesn’t remember agreeing to it. Whilst I can’t be sure exactly what was discussed during the meeting, the mortgage application form included a separate section headed “*Applying for TSB MortgageSure*”. This included tick boxes to accept or decline the insurance, and the “Yes” box has been ticked. It’s likely that the member of staff completed the application form for Mrs B. As part of this process, they would have needed Mrs B’s agreement to the PPI insurance so that the box could be ticked. Mrs B would then have had time to read through the form, before signing to agree that the details were correct.

So, overall, I think Lloyds told Mrs B that the PPI was optional and she chose to take it. It’s not surprising she doesn’t remember, as it happened so long ago.

The bank advised Mrs B to take out the policy and it doesn’t look like it was unsuitable for her based on what I’ve seen of her circumstances at the time. I say this because:

- Mrs B was eligible for the policy given her circumstances and the terms and conditions.
- Mrs B told us that she would’ve received six month’s full pay followed by six month’s half pay from her employer if she couldn’t work due to sickness or an accident. And that she had some savings which would’ve covered around two month’s payments. But the mortgage was a significant long term financial commitment and Mrs B’s home was at risk if she didn’t keep up with the repayments. The PPI would have paid out for up to 12 months in the event of a successful claim for accident or sickness and would also have covered her if she’d have become unemployed. So I think the PPI could’ve been a useful benefit, in addition to her existing arrangements. Following our adjudicator’s view, Mrs B said she could’ve relied on her husband’s income. But she’d earlier told us she was under financial pressure. So, on balance, I don’t think she had another source of income available to her, so this doesn’t change my conclusion.

- Mrs B wasn't affected by any of the conditions limiting the policy's main benefits such as those affecting self-employed people or people with pre-existing medical conditions. As she could've benefitted from the full extent of the cover I think it unlikely she needed better advice or information about the policy's exclusions and limitations.
- The mortgage paperwork set out what the policy would cost each month and the monthly benefit that would be paid if a successful claim was made. So I think Mrs B was aware of how much she would be paying for the policy. She told us she couldn't afford the PPI and that she was under financial pressure. But this financial position isn't reflected in the mortgage application paperwork that I've seen. So there isn't enough evidence for me to conclude that the PPI was unaffordable.

It's possible the information the bank gave Mrs B about the PPI wasn't as clear as it should have been. But, for the reasons I've explained, I don't think Lloyds' recommendation was unsuitable and I don't think Mrs B would have made a different decision about taking out the policy if better information had been provided to her – overall, I think she would still have taken out the policy.

my final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 18 October 2018.

Elizabeth Dawes
ombudsman