Financial Ombudsman Service

complaint

Miss P says that she was mis-sold a regular premium mortgage payment protection insurance (MPPI) policy by Lloyds Bank PLC (Lloyds).

background

Miss P took out a mortgage with Lloyds in 1995. At the same time she was sold a regular premium MPPI policy.

Our adjudicator didn't think the complaint should be upheld because she didn't think there was anything to suggest the MPPI was mis-sold.

Miss P disagrees. She says nothing was mentioned about the MPPI and that it was not needed.

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 this complaint. We've set out our general approach to complaints about the sale of MPPI on our website and I've taken this into account in deciding this case.

I've decided not to uphold Miss P's complaint.

The sale took place over 20 years ago so unsurprisingly there is very little information available from the time of the sale. So I've had to proceed on the basis of what information I have and what I think is most *likely* to have happened.

The policy was sold during a meeting. Miss P says that MPPI wasn't mentioned. Lloyds say that the policy documents would've been provided at the point of sale which fully explained the benefits and limitations of the policy. They say that their sales process required consent in the form of a signature to confirm Miss P wanted MPPI and that this would've required a verbal explanation from the sales adviser.

I have been given a copy of the mortgage offer and I can see that the monthly costs of the mortgage, property insurance premium and MPPI are shown separately. I think given the importance of the long term financial commitment Miss P was taking she would've read this document. I think if MPPI hadn't been discussed with her she would've raised this with Lloyds. And I think because MPPI was included in the mortgage offer Miss P agreed to take it.
Because the MPPI was separated out from the other products, overall, I think it's likely that Lloyds made Miss P aware that the policy was optional. Because of the considerable time that has passed since the sale I can understand why Miss P doesn't remember this.

Lloyds have accepted that this was an advised sale. What this means is that Lloyds not only had to provide information about MPPI in a clear, fair and not misleading way so that Miss P could make an informed choice about buying MPPI. They also had to make sure that if they were to recommend MPPI that the policy was suitable for Miss P's needs and circumstances.

I don't know if Lloyds did take all the steps they should've. But I think the policy was a suitable recommendation for Miss P for the following reasons:

- She was eligible for the policy and it doesn't look like she would've been caught by any of the main exclusions in the terms and conditions of the policy which could've made it difficult to make a successful claim.

- At the time of the sale Miss P says she was entitled to a good level of sick pay but had no other means of making her repayments if she couldn't work. The policy would've paid out on top of any work benefits and covered her for up to 12 months if she was unable to work due to accident or sickness or if she lost her job.

  So I think the policy would've provided a useful benefit to Miss P in her circumstances especially considering she was taking on a significant and long term financial commitment. Given the implications if she was unable to meet her repayments I think she would've been interested in protecting them.

- There was nothing to suggest that the policy wasn't affordable to Miss P at the time. And if she decided she no longer wanted the policy she could've cancelled it.

I also need to consider whether Lloyds gave Miss P information in a way which was clear, fair and not misleading so that she could make a proper choice about whether or not she wanted to take the policy out. I don't know if Lloyds did give all the information as they should've. But for the same reasons that the policy was suitable and based on what Miss P has told us about her circumstances at the time, I think she would've still taken out the MPPI policy if she'd been given all the proper information.

This means Miss P isn't worse off as a result of any wrong doing by Lloyds.

my final decision

For the reasons I've explained I do not uphold Miss P's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 February 2016.

Caroline Davies
ombudsman