

complaint

Ms D says AIB Group (UK) Plc (AIB) mis-sold her mortgage payment protection insurance (MPPI).

background

In 2007 Ms D arranged a new mortgage with AIB. Ms D increased her borrowing so that she could repay her existing mortgage and consolidate three other loans that she had as well as repay her overdraft.

During the course of arranging the mortgage AIB sold Ms D a MPPI policy. The policy provided a monthly benefit of £650 for up to 12 months per claim if Ms D were to lose her job or be too ill to work. The MPPI also provided a lump sum equal to 12 months payments if Ms D were diagnosed with a critical illness. The policy cost £36.86 each month.

The mortgage was taken out with First Trust Bank, a trading name of AIB.

Our adjudicator said Ms D's complaint should not be upheld. This was because they thought even if Ms D had been given better information about the MPPI she would still have taken it out given her circumstances at the time. And the adjudicator said Ms D knew the MPPI was optional.

Ms D's representatives disagreed with the adjudicator's view. They said AIB advised Ms D to take out MPPI, so AIB should have properly assessed Ms D's circumstances before making the recommendation to her to have the cover. They also said the policy cost wasn't made clear to Ms D and that Ms D wasn't provided with correct information at the time.

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 Ms D's case.

I've decided to not uphold Ms D's complaint for the reasons below.

was Ms D made aware she had a choice in taking out the MPPI?

Ms D's submissions to us are that she was unaware the policy was optional. AIB says Ms D would've known she had a choice in taking out the cover.

I don't know what may have been discussed with Ms D during the course of her making her mortgage application. So I've looked at the sales paperwork available together with the submissions made to us by Ms D and AIB to help me decide what *most likely* happened.

I've not seen anything in the sales paperwork to make me think that Ms D was led to believe the MPPI was compulsory as she's told us. The mortgage application doesn't say anything about Ms D having to take out the policy with the mortgage. And the copy of the mortgage offer I've seen makes no mention of having to have MPPI with the mortgage. Instead it says there's no obligation to take out any insurance through First Trust Bank.

I can also see that Ms D completed a separate application form for the MPPI and this was filled out *after* the mortgage started. So it shows the mortgage wasn't reliant on the MPPI being in place.

While I've considered Ms D's submissions, taking everything into account, I think AIB made Ms D aware that she had a choice in taking out the policy with her mortgage – she could have chosen not to complete the MPPI application form after the mortgage started. So I don't uphold Ms D's complaint on this point.

was the policy right for Ms D?

Our adjudicator said AIB didn't recommend MPPI to Ms D. AIB disagrees with this because it says the MPPI application form 'recommended' the cover to her.

I think Ms D did meet with a representative of AIB in a branch during the course of making the mortgage arrangements, but I don't know how many times she went to the branch and I can see that documents were signed on different days. I can also see that AIB's paperwork shows it didn't advise Ms D on the type of mortgage she should have. So, I can see both why AIB told us it didn't recommend the cover to Ms D and why Ms D's representatives believe Ms D was advised to have PPI.

But even if I were to accept AIB recommended the cover to Ms D, and so I hold AIB to a higher standard, this doesn't affect my decision.

If I accept AIB advised Ms D to have MPPI, then AIB had to make sure the policy was suitable for Ms D's circumstances. It also had to give Ms D enough clear information about the policy so she could decide if she wanted to take it out.

Looking at the available evidence and submissions I can't say that AIB did everything it needed to. But I think the policy was right for Ms D and I think if she had been given better information about the policy she still would have taken it out.

Ms D was consolidating a reasonable amount of debt at the same time as moving her mortgage from another lender to AIB. All this debt was secured against her home.

Ms D was solely responsible for making sure the repayments for her mortgage were made each month. Ms D was unable to recall the details of the sick pay she said was available from her employer. And she told us on our questionnaire that she had no other way of being able to meet her mortgage repayments if she couldn't work.

The policy would've paid her a monthly benefit to cover her mortgage payment. And this would have been paid in addition to any sick pay she may have had through her employer. It also protected her mortgage payments if she were to lose her job. And it gave her a lump sum if she was diagnosed with a critical illness.

Given Ms D's circumstances, I think the policy was right for her at the time. I think the policy could have been potentially useful to her and provided her with some protection if she couldn't work as it would make sure she could meet the repayments for the borrowing against her home. And I've not seen anything in her circumstances to suggest she would've found it difficult to make a claim – she was employed and in good health, and she was eligible to take out the policy.

Ms D told us that she was trying to keep costs down and I can see the new mortgage reduced her monthly outgoings by an amount of around £320. I think Ms D most likely knew the cost of the policy and found it acceptable and affordable. The MPPI application form she signed included a section to select the level of benefit needed. And it also set out what this would mean for Ms D as a monthly cost. So, I think it's most likely Ms D understood how much the policy would cost her.

summary

I think Ms D knew she had a choice in taking out the MPPI. I've not seen anything to suggest Ms D was led to believe the policy was a condition of the mortgage being agreed. And while I can't say that AIB did everything it needed to when it sold the policy to Ms D, I think if she had been properly advised and informed, she still would've taken out the MPPI given her circumstances at the time.

my final decision

For the reasons above, my final decision is that Ms D's complaint is not upheld. I make no award against AIB Group (UK) Plc.

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

Kristina Mathews
ombudsman