

complaint

Mr and Mrs B complain that they were mis-sold a payment protection insurance ("PPI") policy when they took out a loan with Bank of Scotland ("BoS"), trading as Halifax.

background

In 2000 Mr and Mrs B took out a loan with BoS. At the same time they bought a regular premium PPI policy which would've covered the repayments on the loan for up to 12 months at a time if Mr B couldn't work because of an accident, sickness or redundancy.

Mr and Mrs B's representatives make numerous complaints on their behalf, many of which can't possibly apply to Mr and Mrs B's situation. In essence they complain that Mr and Mrs B weren't told that the policy was optional, that it wasn't suitable and that they didn't get enough information about it.

The adjudicator didn't think Mr and Mrs B's complaint should be upheld. Mr and Mrs B, through their representatives, disagree. So their case has been passed to me to make a 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 PPI on our website and I've taken this into account when deciding this case.

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

Mr and Mrs B say that they didn't know the policy was optional. But I've seen a copy of the loan application form that they both signed. Prominently, in the middle of the page, there are two separate boxes – one to say that they wanted PPI, the other to say they didn't want it. They're equal in size and it's very clear that there's a choice that can be made. Mr B signed separately in the box to say that he did want PPI. Both Mr and Mrs B signed the complete application.

In the loan agreement itself, which is only a page long, there's a further section asking if PPI is wanted. Here it sets out the precise cost. There's an electronic cross in this box to say that it's wanted. There's also a box to cross if it's not wanted. I think the electronic cross was inserted as a result of Mr B's acceptance of the PPI on the application form. I think if he hadn't wanted it he could've changed this. Given that there were plain 'yes' and 'no' options I think it was clear that there was a choice about taking it. Mr and Mrs B signed this document.

I think that it's most likely that Mr and Mrs B knew they had a choice about buying the PPI and decided to do so.

BoS advised Mr and Mrs B to buy the policy. So BoS had to take reasonable steps to establish that the policy was suitable for them given their needs and circumstances. It's not clear how BoS established that the policy was right for them. But I don't find this surprising given that over 15 years have passed since the loan was taken out. So I've looked at the

policy to see if it was suitable and therefore whether BoS's recommendation would've been right. I think that it was. I say this because:

- Mr B was eligible for the policy and I don't think he'd have been affected by any of the main terms or exclusions which might've made it difficult to claim, for example existing medical conditions of self-employment;
- Mr B was the only person covered by the policy. The policy didn't have the facility to cover the second named applicant, Mrs B. But I don't think this was a problem as it was Mr B who had the highest income and therefore it was more of a risk to their household income if Mr B couldn't work than if Mrs B couldn't work;
- Mr B says he would've received three months full sick pay from his employer. But the policy would've paid out in addition to this and for much longer if necessary. And Mr B could've made more than one claim subject to a requalification period. I think Mr and Mrs B would've quickly found it difficult to meet the repayments without the policy if Mr B wasn't able to work;
- Mr and Mrs B didn't have any savings or other means, other than Mrs B's income, to meet the repayments if Mr B couldn't work. I think Mrs B's income would've been needed to meet other essential outgoings. And the loan was secured on their home so I think the policy offered peace of mind;
- The cost of the policy was reasonable and it could've been cancelled at any time. I haven't seen anything to make me think that the policy was unaffordable for them.

I don't know exactly what was said in the meeting to Mr and Mrs B about the terms and benefits of the policy. But even if they didn't get everything they needed I don't think it would've made a difference to their decision to buy it. More information would've just told them it was suitable for them as I've described above. So Mr and Mrs B haven't lost out as a result of anything BoS might've done wrong.

my final decision

I'm not upholding Mr and Mrs B's complaint, so it follows that Bank of Scotland plc don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 9 November 2015.

Sally Allbeury
ombudsman