

complaint

Mr R complains that Lloyds Bank Plc (“Lloyds” trading at the time of sale as TSB) mis-sold him a mortgage payment protection insurance (“MPPI”) policy.

background

Mr R bought a MPPI policy which started in July 1995 to protect his mortgage repayments. The policy was added during a meeting with an advisor from Lloyds. Mr R was covered against accidents, sickness and unemployment. The policy and mortgage ended in 2001.

Mr R believes Lloyds mis-sold the policy. He says he was not aware of the policy and it was added by Lloyds without his knowledge.

Our adjudicator didn’t uphold the complaint. As Mr R doesn’t agree with the adjudicator’s opinion, the complaint has been passed to me.

my findings

I’ve considered all the available evidence and arguments to decide what is 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 Mr R’s case.

I’ve decided not to uphold Mr R’s complaint because of the following reasons:

- I can’t be sure how or if the policy was presented to Mr R during the meeting and a lot of time has passed since he was sold it. But I’ve looked at what he said about how the policy was sold – including that he was not aware of the policy being added. But I think, after considering the documentation provided and what I know of how Lloyds sold policies at that time, it is most likely that he was advised it was a good idea to have the insurance to protect his mortgage repayments, and he took it on that advice.
- I have come to this conclusion because the sales documentation I have suggests to me that the policy was presented as optional. I can see on the mortgage application form that a box is ticked agreeing to the MPPI policy. There are also a series of questions about MPPI. This would suggest to me that a conversation was had between the advisor and Mr R regarding the cover and Mr R then chose it by signing the application form. So although it is possible the sale took place as Mr R recalls, I have not seen enough information to support what he says so that I can safely conclude anything other than he was given a choice to have the policy.
- Moving on, I think Lloyds recommended the MPPI to Mr R, but it doesn’t look as if it was unsuitable for him based on what I’ve seen of his circumstances at the time. The benefits provided by the policy would have paid out in addition to the provisions he had, in a difficult time. Mr R didn’t have enough provisions that I can see at the time of sale that would have meant he wouldn’t have had at least some use of the benefit offered by having the cover. I can also see no other reasons such as a significant or restrictive term that would make the policy unsuitable.

- I can see from the sales documentation that Mr R was clearly provided with the costs associated with the policy. It was reasonably priced compared to similar policies available at the time and to the monthly mortgage repayment. And Mr R could have cancelled the MPPI if it did become unaffordable.
- I consider that the policy provided Mr R with a useful additional benefit (over and above his provisions) for a reasonable cost to protect his home in the event that it was necessary for him to make a claim. Its possible Lloyds didn't point out the main things the policy didn't cover. But its unlikely Mr R would've been affected by any of these based on his circumstances at the time.

I know this will come as a disappointment to Mr R, but on balance, I do not uphold his complaint for the reasons that I have given.

my final decision

I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 24 October 2017.

Mark Richardson
ombudsman