

complaint

Miss V1 and Ms V2 say Barclays Bank Plc mis-sold them a payment protection insurance (PPI) policy for a mortgage.

background

Miss V1 and Ms V2 took out a PPI policy with a mortgage in 2005. Miss V1 and Ms V2 paid for the PPI with a regular monthly premium, which didn't attract interest. It covered Miss V1 in case she was off work sick or lost her job.

Our adjudicator didn't uphold the complaint. Miss V1 and Ms V2 disagreed with the adjudicator's opinion, so the complaint has been passed to me to decide.

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 Miss V1 and Ms V2's case.

I've decided that this PPI policy wasn't mis-sold – I'll explain why.

Miss V1 and Ms V2's mortgage application had a section for PPI, which offered them the choice to take PPI or turn it down. It's recorded Ms V2 didn't want PPI as she felt she had sufficient cover, but Miss V1 did want PPI. They declined other insurances that were discussed, so it looks like Miss V1 and Ms V2 knew they didn't have to take all the insurances on offer. The adviser wrote down quite a bit of detail about their discussion, such as that Miss V1 wanted PPI because her old policy wasn't transferable to her new mortgage. And it's set out what benefit Miss V1 wanted. Miss V1 and Ms V2 signed the form to confirm what was on it. They also submitted an application specifically for PPI, which again they both signed. And they set up a direct debit to pay for the policy, separately to paying for the mortgage itself – the PPI's cost wasn't automatically part and parcel of the lending. Overall, I think that Barclays made Miss V1 and Ms V2 aware they had a choice about buying the PPI, and that they chose to take it at the time.

Barclays recommended the PPI to Miss V1 and Ms V2, so it had to check it was right for them. And based on what I've seen of their circumstances at the time, I think it was. For example, it's recorded that Ms V2 didn't need PPI, so it would make sense that it was set up for Miss V1 only. Miss V1 wasn't affected by any of the policy's key exclusions or limitations. While she had some sick pay through work, the PPI covered her for longer and would've paid out on top of her work benefits. And Miss V1 doesn't seem to have had any other cover in case she lost her job. It's worth bearing in mind that if Miss V1 and Ms V2 fell behind on their mortgage payments, they risked losing their home. So it looks like the PPI could've been useful in protecting their home in case Miss V1 was off sick or lost her job.

It's possible that the information Barclays gave Miss V1 and Ms V2 about PPI wasn't as clear as it should've been. The question, then, is whether I think better information was likely to have changed their minds. Here, Miss V1 and Ms V2 chose to take out PPI, so it looks like they wanted this type of cover for Miss V1. As I explained above, Miss V1 wasn't affected by any of the main things the policy didn't cover, and it could've really been useful in case something went wrong. The policy was not bad value given how much it would pay out in a claim, and it looks like it would've been affordable. And the PPI was paid on a rolling monthly basis, so Miss V1 and Ms V2 could cancel it at any time without a penalty. Overall, I don't think that better information was likely to have put them off taking out the cover.

my final decision

For the reasons I explained above, I don't uphold Miss V1 and Ms V2's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss V1 and Ms V2 to accept or reject my decision before 10 July 2019.

Adam Charles
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