Financial Ombudsman Service

complaint

Mr and Mrs M complain that Bank of Scotland plc mis-sold them a payment protection insurance ("PPI") policy.

background

In 1997 Mr and Mrs M took out a mortgage and at the same time a PPI policy was added to their account.

Our adjudicator didn't uphold the complaint. Mr and Mrs M's representative didn't agree, and so the case has been passed to me for a final decision to be made.

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 explained our approach to complaints about payment protection insurance on our website, and I've used this approach in this case.

I'm not going to uphold this complaint. I'll explain why.

Mr and Mrs M say that the PPI was added without them knowing about it. But I've seen the documents from the time of the sale. I can see that Mr and Mrs M both signed an application form agreeing to take out PPI, and it was also separately mentioned on their mortgage offer.

Mr and Mrs M's representative say the boxes were pre-printed and there was a bias towards choosing PPI because the box for Mr and Mrs M to sign was marked with a cross and a circle. But having reviewed the documentation from the time of the sale, it looks most likely to me that the documents were printed by computer following a discussion in the meeting about PPI. And the cross and circle were simply the sales representative showing Mr and Mrs M where to sign. So I think it's most likely that they were told about PPI and chose to take it.

Bank of Scotland accepts it advised Mr and Mrs M to take the PPI. So it had to make sure the policy was suitable for them, as well as giving them enough information so they could choose whether to take it.

I think the information they were provided with set the cost out clearly, although I can't be confident Bank of Scotland told them enough about the policy. But I think this was a suitable policy they'd have chosen to buy anyway. I say that for the following reasons:

Mr and Mrs M were eligible for the policy, meeting the rules about age, where they lived and employment status.

Although there were some things the policy didn't cover, it doesn't look likely to me that either Mr or Mrs M would've been affected by any of these.

The cost of the policy was fairly modest and the policy would've protected Mr and Mrs M's mortgage repayments each month. Although Mr and Mrs M have told us they could've sold their car, or relied on their parents and savings, I think it's most likely they'd have preferred to pay the £20 per month the policy cost rather than rely on these if either Mr or Mrs M were unable to work. They didn't have any sick pay, and only limited savings, which might well have been needed for other bills. Taking the policy would've meant they'd have had the security of knowing their mortgage payments would be protected.

So, taking an overall view, I think this was a suitable policy for Mr and Mrs M.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 4 January 2016.

Nigel Hamilton
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