

complaint

Mr and Mrs E complain that Lloyds Bank PLC ("Lloyds TSB") mi-sold them mortgage payment protection insurance (PPI) in 1999.

background

Mr and Mrs E took out a mortgage with Lloyds TSB in 1999. They also bought PPI to cover their mortgage repayments if either of them were unable to work due to accident, sickness or unemployment.

Mr and Mrs E say that the bank told them that they had to take out PPI. They also had other concerns. For example, Mr and Mrs E say that they already had good cover from their employers if either of them were sick.

Lloyds TSB says there was no link between approval of the mortgage and the sale of PPI. It provided advice to Mr and Mrs E about whether the policy was right for them. Lloyds TSB says that it was Mr and Mrs E's choice to take out PPI.

The adjudicator did not uphold Mr and Mrs E's complaint. He thought that there was no evidence that the bank had insisted on them taking out PPI. He thought that the policy was suitable and provided useful benefits to Mr and Mrs E.

Mr and Mrs E disagreed and so the case has come to an ombudsman to decide.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I've decided not to uphold Mr and Mrs E's complaint.

Lloyds TSB recommended PPI to Mr and Mrs E at a meeting. I do not have a record of the conversation that took place. So I must base my decision on the documents that are available from the time.

Having read the documents I can't find any evidence that Mr and Mrs E were told that they had to take out PPI.

Mr and Mrs E's eligibility for PPI was discussed at the meeting. The application form indicates that they also thought about how the policy benefits should be split between them and agreed this should be on a 50/50 basis.

The mortgage application allowed for the selection of other products including PPI. Mr and Mrs E both opt for the policy. Both sign the form in August 1999. A couple of months later a mortgage offer is issued to Mr and Mrs E and the price of the monthly PPI premium is clearly shown. So I am satisfied that Mr and Mrs E knew about and opted for the cover.

Lloyds TSB did try to build up a picture of Mr and Mrs E's circumstances and whether PPI was right for them. But I can't say from the documents I've seen that this was as comprehensive as it should've been. For example, there is no record of what Mr and Mrs E's sick pay entitlement was.

I also think that some of the information that Lloyds TSB gave Mr and Mrs E was not as clear as it should've been. In particular, the insurance policy document I have seen covered several types of insurance. So it was long and detailed, making it hard to pick out the policy's important features.

So, there were some problems with the sale, but I need to think about what would've happened if everything had been done properly.

I've looked again at the policy benefits, cost of cover and the overall financial circumstances of Mr and Mrs E from the time of the sale. When I weigh everything up, I think that they would still have opted to buy PPI. I say this because:

- Mr and Mrs E were eligible for the policy.
- Mr and Mrs E would not have been affected by the main exclusions or limitations in the policy and even if these had been made clearer I don't think that they would've been put off taking out PPI.
- I think PPI cover for accident, disability and unemployment for up to 12 months per claim would've given Mr and Mrs E peace of mind about repayments on their mortgage. In particular if their income reduced due to unemployment or longer term sickness.
- Mr and Mrs E have said that apart from their sick pay entitlements, they had no other ways of making repayments.
- The policy was reasonably priced at about £21 per month. The potential monthly benefit in the event of a successful claim was over £390.
- The PPI was flexible because it was paid on a monthly basis, there were no interest charged on the policy and it could be cancelled without penalty.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs E's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs E to accept or reject my decision before 13 February 2015.

Kevin Williamson
ombudsman