

complaint

Mrs H complains that Bank of Scotland plc ("BoS") mis-sold her mortgage payment protection insurance ("MPPI") policies in 1997 and 2002.

She feels she was pressured into buying the cover and that she did not need it.

background

Our adjudicator explained to Mrs H why she did not think that the policies were mis-sold to her. Mrs H did not agree with this view and asked for her complaint to be reviewed by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We have set out our general approach to complaints about the sale of payment protection insurance on our website and I have taken this into account in deciding Mrs H's case

As a result, I have decided that the complaint should not be upheld. I have set out my reasons below.

Mrs H and BoS have all agreed that the policies were sold to Mrs H in a meeting. They also all agree that the policies were recommended to her. This means that BoS had to make sure that the policies were suitable for her situation.

The first sale took place so long ago that there is no surviving paperwork from the sale. BoS has provided some information from its computerised systems and I have used my knowledge of similar policies from the time. So I have decided this case on the "balance of probabilities" what is most likely to have happened at the time.

Mrs H has told us that she was made to feel that she should take the MPPI to protect her repayments. She feels that, as a first time buyer, she was made to feel that if she didn't take the policy she wouldn't be given the mortgage she wanted.

Pressure is quite a subjective test, because what one person may see as pressure, another may see as encouragement. Of course it is possible that BoS made Mrs H feel that she ought to take the policy to secure her mortgage. But it is equally possible that the adviser simply encouraged her to reflect on whether her employer benefits were really sufficient to protect her mortgage repayments – and her home. While I recognise that Mrs H has given us her best – and passionately held – memories of the sale, I cannot fairly find that she was definitely pressured into buying the policy all that time ago based purely on her recollections. Next I have looked at the detail of the policy that was sold to Mrs H. It would seem from the information that she has given us that the policy was probably suitable for her situation. I think she was eligible for the policy because of her age and employment situation. She also appears to have been in good health at the time of the sale, so I think that she would have been able to make a successful claim on the policy had she needed to.

I cannot know how the costs of the policy were described to Mrs H during the discussion, but I understand that it would have paid a benefit of around £250 a month for up to a year and

cost around £12 per month. This was a policy that was paid for monthly, so no interest was charged on it.

While I accept that Mrs H had employer benefits to call on, this policy would have paid out on top of and for longer than those benefits. As a householder I think that she would have had a range of demands on her income, so I think the policy could have given her valuable extra reassurance.

Having looked at all the information available to me, I think that BoS recommended a suitable policy to Mrs H. While I cannot be sure that it gave her all the information that it should have, I have not seen anything to make me think that she would have made a different decision about buying the policy, even if she had been given more, or better, information about it.

I have then looked at whether the policy sold to Mrs H in 2002 alongside her further advance was mis-sold to her. By this time Mrs H was employed in the armed forces and was in her early thirties.

I have seen the application for the further advance that was completed for – and signed by – Mrs H. It shows that she was offered a referral for insurance cover but declined it. The adviser had written “*has existing cover will quote tmp (total mortgage protection) stand alone*”. This makes me think that Mrs H was making active choices as a result of conversations with the adviser.

In most respects, Mrs H’s circumstances were similar to when the first policy was sold to her. She was eligible for the cover, was in good health and was in full time employment. So I think she would have been able to make a successful claim on the policy if she had needed to. But Mrs H feels that her improved employer benefits mean that she had no need of the policy.

I have looked at this with care. The overall cost of the policy was now around £19 per month and provided in the region of £225 per month benefit for up to 24 months per claim. This policy would also have paid a lump sum if Mrs H had made a claim for critical illness or on the life cover.

While I appreciate that she had excellent employer benefits this doesn’t necessarily mean Mrs H didn’t have a use for this type of cover. Looking at her circumstances, I think her mortgage (and the further advance) was still a substantial financial commitment for her in her early thirties. Given the implications if she was unable to meet the repayments, I think she could have been interested in protecting herself in this way. Policies like this are designed to offer protection in financially difficult times and in this sense, I think the MPPI could be viewed as a suitable and sensible precaution.

Of course, I cannot know how the policy was presented to Mrs H, or why she did decide to take the cover in 2002. But on balance I do not think that the recommendation by BoS was unsuitable for Mrs H, and I do not think she only took it because she felt she had to.

In summary, I do not find that BoS mis-sold the policies to Mrs H in either 1997 or 2002.

I appreciate that this will be frustrating for Mrs H, particularly as she notes that the media reports the mis-selling of payment protection as a widespread scandal. But the sale of much

mortgage payment protection insurance was appropriate, offering the majority of customers protection for a great asset and liability – a mortgage to buy their home.

my final decision

For the reasons I have explained, I have decided that Mrs H's complaint should not be upheld. I make no award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs H to accept or reject my decision before 5 February 2016.

Roxy Boyce
ombudsman