

complaint

This complaint concerns a regular premium payment protection insurance (PPI) policy taken out in December 1987. Mr and Mrs T complain they were mis-sold the policy by Bank of Scotland plc (trading as "Halifax").

background

Mr and Mrs T applied for a mortgage with Halifax in December 1987. At the same time they purchased a regular premium PPI policy to protect their repayments. The policy provided Mr T with 100% of the cover. It provided accident, sickness and unemployment benefit. Mr and Mrs T complain they were mis-sold the policy because they were wrongly advised.

Our adjudicator considered Mr and Mrs T's complaint and recommended that it shouldn't be upheld. Mr and Mrs T don't agree and so the case has passed to me to make a final decision.

my findings

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

I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

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

I have reviewed the consumer questionnaire sent in by Mr and Mrs T and understand that their complaint is that they believe they were given wrong advice to take out the policy. They cannot remember any other details about the sale but do say it was sold during a meeting. Halifax has provided a telephone note dated July 2013 with Mr T where he confirms he believed the sale was during a meeting. It is not surprising given the great length of time that has passed since the sale took place that Mr T cannot remember what was said during the meeting except that he was advised to take it out and hadn't asked for it before it was offered. Mr T says he thinks he was advised wrongly as he hasn't used the policy and didn't need it.

was the policy optional?

Mr and Mrs T do not make a specific complaint that they were not aware the policy was optional however I have considered whether they were or ought to have been aware that it was optional and they didn't have to take it out. Halifax has said the policy was optional.

I have looked at the documentation in this case. Section E of the mortgage application deals with "MORTGAGE PAYMENTS PROTECTOR". Under that heading is written: "*Halifax's Sickness, Accident and Unemployment insurance provides you with peace of mind if you are for any unforeseeable reason unable to work. Details of this Scheme are given in the Halifax Homebuying guides. If you wish to join the Scheme enter the amount of monthly benefit you require*". In the box beside "£150" has been handwritten. Mr and Mrs T have signed and dated the bottom of the form. I have also seen a separate application form called "Halifax Mortgage Payments Protector" signed and dated by Mr T, agreeing to apply to join the scheme. I don't think that the wording of either of these forms suggests that the policy was

compulsory. I think the fact there was a separate application form from the mortgage application would have reinforced the optional nature of the policy.

Mr T says he was offered the policy and hadn't asked for it. I don't think this is sufficient to reasonably lead him to believe he had to take it out. Whilst I accept there is a possibility the Halifax adviser could have said something to Mr and Mrs T that made them believe the policy was compulsory, I do not have any available evidence to allow me to safely conclude this was the case as there is no detailed evidence about what was said at the sale.

was the policy suitable?

Both parties agree Halifax advised Mr and Mrs T to take out the policy. I wasn't present at the point of sale so I can't be sure the exact way in which advice was given. Mr and Mrs T have said they were wrongly advised because they haven't used it and didn't need the policy. The policy provided cover for Mr T only. Due to the length of time that has passed Halifax has been unable to provide the policy document setting out the terms and conditions of the policy. To consider this complaint I've taken into account what we know of similar policies sold by Halifax and I have seen terms and conditions from a similar policy sold in 1987. I have considered Mr and Mrs T's circumstances as we know them at the point of sale and having done so I don't think that the recommendation was unsuitable because:

- Mr T appears eligible for the policy.
- Mr T was in employment and in good health at the point of sale. He is unlikely to have been affected by any of the significant limitations or exclusions of the policy such as pre-existing medical conditions or unusual employment terms.
- Mr T says he would have received more than six months and less than 12 months sick pay from his employer. In the event of a successful claim the policy would have paid out £150 per month for up to 2 years after a waiting period of 90 days. I think therefore that he might have found the policy useful once he was not receiving his regular income. The policy could have paid out in addition to the other benefits he had and for a significantly longer period so I think there was still some need for the cover. I am satisfied that, had he made a successful claim, the policy would have been of material assistance to Mr T at a time when he might need or benefit from additional security.
- I have seen no evidence to suggest the cost of the policy was unaffordable for Mr T to make it unsuitable.
- A recommendation to protect Mr T's income in the event of accident, sickness or unemployment was not unsuitable given he was the primary wage earner in the household. Also, given that Mr and Mrs T were taking out substantial borrowing secured on their home and the possible serious consequences of defaulting on the mortgage I think a recommendation to protect Mr T's income was not unsuitable.

I note that Mr T says he was advised wrongly because he hasn't used the policy and didn't need it. The fact that Mr T has not needed to claim on the policy does not lead to a conclusion that he received unsuitable advice based on his circumstances at the point of sale.

Based on the above conclusions, on balance, I think any advice to Mr T to take out the policy would not have been unsuitable in the circumstances.

information

I have gone on to consider whether Halifax provided sufficient information to Mr T to make an informed choice, and, if not, whether this is likely to have affected his decision to take out the policy.

Mr T does not provide detailed recollections of what information he received when he took out the policy. Due to the length of time that has passed and the absence of some key documents from the point of sale, I cannot safely conclude that Mr T was provided with all of the information in a clear, fair and not misleading way in order to make an informed choice about the policy. It may be that some of Mr T's information needs were not fully met, such as clear details about the cost, benefits, limitations and exclusions of the policy. Despite this however, for the same reasons as those set out above (as regards suitability of the PPI policy), I am not persuaded Mr T would have acted differently and declined the policy had he been provided with better information.

summary

In summary, I do not have sufficiently compelling evidence to uphold Mr and Mrs T's complaint. I think it more likely the policy was presented as optional and that it was suitable for Mr T's needs at the time. Even if Mr T's information needs were not fully met I think that it is more likely that he would still have taken the policy out.

my final decision

For the reasons outlined above, my final decision is that I do not uphold this complaint and I make no award against Bank of Scotland Plc.

Rachael Kemp
ombudsman