

complaint

Mrs D says Lloyds Bank PLC, trading as Lloyds TSB (“Lloyds”), mis-sold her a mortgage payment protection insurance (MPPI) policy.

background

Mrs D took out an MPPI policy in 1996. Her mortgage had been in place since 1989. She paid a monthly amount for the policy.

Our adjudicator didn’t uphold the complaint. Mrs D disagreed with the adjudicator’s opinion, so the complaint has been passed to me.

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 Mrs D’s case. And after doing so, I’ve decided not to uphold Mrs D’s complaint. I’ll explain why.

Lloyds hasn’t been able to give us all of the paperwork from the time of the sale but this isn’t surprising given how long ago that was. So I need to decide what I think was more likely to have happened based on the information I have available and what Mrs D and Lloyds have told me.

I think Lloyds made Mrs D aware that she had a choice about buying the MPPI, and that she chose to take it. Mrs D’s mortgage was already in place as she had taken it out several years earlier. So it seems likely it was clear to Mrs D that she could continue without taking the policy if she wanted to.

Lloyds has accepted it recommended the MPPI to Mrs D and in doing so it owed her a higher level of care than if it didn’t give her any advice. So it needed to make sure it was right for her, and it seems to have been based on what I’ve seen of Mrs D’s circumstances at the time.

I don’t know how the policy was presented to Mrs D and it may be the case Lloyds could’ve explained the cost of the policy better than it did. But even if it had, I think Mrs D would still have bought it. Mrs D was employed and had generous benefits from her employer if she wasn’t able to work. She’s also said she had savings and could’ve relied upon her parents for financial help.

But the policy would’ve paid out for a period of 12 months per claim and this would’ve been as well as, and over and above her employee benefits. She could’ve used those benefits to pay for any other bills or commitments she may’ve had. Her savings would’ve remained intact for whatever use she had them earmarked for. And however well meaning her family were, their financial help couldn’t be relied upon, as their own circumstances could’ve changed.

So if Mrs D had successfully made a claim, I think she would’ve benefited from having the policy. It looks like the mortgage was in Mrs D’s sole name so protecting such an important asset – her home – would’ve been important to her.

Its possible Lloyds didn't point out the main things the policy didn't cover – such as a pre-existing medical condition as an example. But Mrs D doesn't appear to have been affected by any of those things. So I don't think it would've made a difference to Mrs D's decision to take the cover.

I've taken into account Mrs D's comments, including what she's said about not being told she had a choice about taking the policy, its terms, any exclusions and costs. But because of what I've said, these points don't change my conclusion.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs D to accept or reject my decision before 20 February 2017.

Catherine Langley
ombudsman