

complaint

Ms N complains that Lloyds Bank PLC (when it was trading as TSB) mis-sold her a payment protection insurance ("PPI") policy.

background

In 1996, Ms N took out a TSB mortgage with PPI. The policy protected her mortgage repayments and provided Ms N with cover for accident, sickness and unemployment. Lloyds and TSB merged. So Lloyds is responsible for dealing with Ms N's complaint.

Ms N says she didn't knowingly agree to or ask for insurance. She didn't need it as she had sick pay and other means she could've relied on to make her mortgage monthly repayments.

Our adjudicator didn't uphold the complaint. Ms N 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 this case.

I've decided not to uphold Ms N's complaint. Here are my reasons:

- I can see that there's a section on her mortgage application headed "*Checking you are eligible for TSB MortgageSure*". The boxes have been ticked. As this happened so long ago, it's easy to understand how Ms N could've forgotten some of these details now. And I can't be sure exactly what was discussed or how PPI was explained or presented. But I don't think the evidence is strong enough for me safely to say that Ms N wouldn't have known about or didn't ask for insurance, just based on what she remembers now. The mortgage application I've seen, and the sales process it's likely the bank followed in Ms N's case, suggests it's likely that PPI was discussed and applied for alongside Ms N's mortgage. So I think Lloyds probably did make Ms N aware that the PPI was optional and that she chose to have it.
- Lloyds recommended the policy to Ms N and it doesn't look as if it was unsuitable for her based on what Ms N says about her circumstances at the time. She had some sick pay and savings she could've relied on, and Ms N told us family members would've helped out with her mortgage monthly repayments.
- But, the policy would've covered her mortgage repayments for longer than she would've received sick pay from her employer if she couldn't work – and it would've been paid in addition to any work benefits Ms N might've got. I don't know if Ms N would've always been able to rely on family members to help her out if she couldn't work and had money problems. Having PPI would've meant she could be sure she'd be able to meet her personal responsibility to pay her mortgage. I've also taken into account that Ms N had some savings. But I don't know if she'd always have savings to rely on if she'd needed to make a claim. It's possible her savings would've been put towards things for her new home – or perhaps she had other plans for the money she'd saved. Having PPI would've

meant she could keep her savings to spend on the things she was saving for. So, looking at Ms N's circumstances at the time, I don't think the PPI was unsuitable. I think it provided her with a useful benefit.

- It's possible the other information Lloyds gave Ms N about the PPI wasn't as clear as it should've been. There were some things the policy didn't cover. But it doesn't look as if those applied in Ms N's case. So, I don't think having more information about things the policy didn't cover would've affected her decision to take it out.
- Ms N chose to take out the policy and so appears to have wanted this type of cover. She was eligible for the policy given her circumstances and the PPI terms and conditions that applied. The policy seems to have been affordable for her. Taking everything into account, I think it unlikely Ms N would've made a different decision if better information had been provided. On balance I think she would've still taken out the policy.

Looked at overall, I think the bank's recommendation was suitable for her and Ms N was given enough information to make a properly informed decision. I think PPI offered Ms N additional protection and peace of mind that her mortgage payments were protected. Given that her mortgage was such a major financial commitment, and the serious problems that can arise when mortgage payments aren't kept up to date, I don't feel that there's enough information for me to say that Ms N's circumstances made the PPI recommendation unsuitable.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 20 January 2017.

Susan Webb
ombudsman