

complaint

Mr and Mrs S complain that Barclays Bank Plc mis-sold them payment protection insurance (PPI) when they arranged their mortgage. They believe these policies were a form of payment protection insurance.

background

Mr and Mrs S took out a repayment mortgage in 1983. In 1987 they replaced this mortgage with a new larger loan over a longer period.

They'd originally taken out a Guardian life assurance policy to match the term and length of the first mortgage. When they re-mortgaged, they cancelled this policy and took out a new one to match the terms of the new mortgage.

Mr and Mrs S believed they had been sold PPI, but it transpired the policies were decreasing term assurance cover which had been a condition of their mortgages.

Barclays didn't uphold their complaint. But it said it had taken a longer than usual to complete its investigation and offered Mr and Mrs S £100 compensation for this delay.

Mr and Mrs S didn't accept this, and brought their complaint to this service,

They referenced both these policies in the complaint form submitted to this service. However, they have since confirmed that they only wish us to consider a complaint about the 1983 policy.

An adjudicator at this service didn't believe Mr and Mrs S's complaint should be upheld.

He said that Mr and Mrs P had been sold life assurance not PPI, and that both the 1983 and 1987 policies correctly matched the term and length of their mortgage borrowings.

Barclays, in 1983 and 1987, insisted on life cover as a condition of its mortgage borrowing, but say they did not insist on consumers taking out such a policy with any particular provider.

He said that while Mrs S had some life cover as part of her employee benefits, this wouldn't have been considered sufficient to protect her joint mortgage borrowing.

At Barclays' request, he again put the £100 settlement to Mr and Mrs S. They rejected the offer and requested their complaint be reviewed.

As the case couldn't be resolved informally, it has been passed to me for a 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. And I have come to the same conclusions as the adjudicator and for the same reasons.

I can confirm that both policies were for life insurance to cover the mortgages, and were not a form of Payment Protection Insurance (PPI).

It is important to explain that Barclays' mortgage offer was available on a non-advised basis. This means it made information about the mortgage, along with application forms etc, widely available to the general public - including Mr and Mrs S.

But it didn't provide them with personal advice as to whether this mortgage offer best matched their particular circumstances. It didn't advise Mr and Mrs S to purchase this cover; it simply insisted on some life insurance as a pre-condition of its mortgage offer.

Mr and Mrs S may not feel this was reasonable, but Barclays was perfectly entitled to make this a condition of any mortgage lending. It was for Mr and Mrs S to choose whether to apply for a Barclays' mortgage given this condition.

I acknowledge Mrs S's point that she had life insurance provision through her job. However, this benefit was dependent on her continuing to be employed by the Civil Service, so couldn't guarantee long-term mortgage protection. Also, Mr and Mrs S were taking out a joint mortgage, and Barclays required them both to have cover.

Mrs S has since explained she could have purchased a much-cheaper joint life insurance policy through the Civil Service's 'Custom Fund'.

However, I can see nothing in Barclays' documentation to suggest it was insisting on life insurance being purchased through any particular provider. So it would have been up to Mrs S to pursue this option herself.

my final decision

For the reasons above, I do not uphold the complaint, and don't make any financial award.

Barclays offered Mr and Mrs S £100 for delays in investigating their complaint. However as I have only investigated their complaint about the original sale, I have not assessed whether this offer is fair or reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 2 November 2015.

Tony Moss
ombudsman