

complaint

Mr and Mrs G complain that Bradford & Bingley Plc mis-sold them a regular premium payment protection insurance (PPI) policy. Mr and Mrs G are represented by a relative.

background

In 1992 Mr and Mrs G took out a PPI policy with their mortgage. The policy covered Mr G for accident, sickness and unemployment and would have provided a monthly benefit of £210.

Our adjudicator did not uphold the complaint. Mr and Mrs G disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 have also taken account of the law and good industry practice at the time the PPI policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out on our website. And the main questions I need to consider are:

- If Bradford and Bingley gave any advice or recommendation, did it make sure the product it recommended was suitable for Mr and Mrs G's needs?
- Did Bradford and Bingley give Mr and Mrs G the information they needed to decide whether to take out the policy?

If there *were* shortcomings in the way Bradford and Bingley sold the policy, I need to consider whether Mr and Mrs G are worse off as a result; that is, whether they would have done something different – such as not taking out the policy – if there had been *no* shortcomings.

There is some dispute about whether Bradford and Bingley advised Mr and Mrs G to take out PPI. Mr and Mrs G say advice was given but Bradford and Bingley says it only provided information. There is a risk that, in a face to face meeting about a mortgage, the adviser may inadvertently introduce PPI in a way a consumer might think they are recommending the policy. And it's possible that might have happened in Mr and Mrs G's case. But I don't believe it is crucial to the outcome of this complaint to come to a firm conclusion about whether or not advice was given.

Even if I concluded that Mr and Mrs G were advised to take the policy out, and even if there were some problems with the sale of the policy, I don't think the policy was unsuitable for them. And I don't think they would have acted differently (i.e. not taken out the policy) if they had been properly advised and informed.

Mr and Mrs G's main concern is that they felt they had to take out PPI in order to be granted the mortgage, so they had no choice other than to take it out. Bradford and Bingley says there was no requirement to take out PPI but the question is whether it made it clear to Mr and Mrs G that the policy was optional.

I can't know for certain what was discussed between Mr and Mrs G and Bradford and Bingley when they were discussing the mortgage and PPI. I accept there is a possibility

Bradford and Bingley said it was a good idea to take out PPI in order to protect the mortgage repayments, but I don't consider that to be incorrect. The mortgage was on an interest only basis, and above the amount that Bradford and Bingley would normally lend. So I also accept that there was some discussion about other insurance that was required. It would be understandable if, given the meeting was so long ago, that Mr and Mrs G have mis-remembered which insurance was compulsory.

I can't see anything on the mortgage application form which suggests that PPI was compulsory. There is a separate section dealing specifically with PPI including the type and amount of cover that may be required. And there is a section where Mr and Mrs G could have said "no" to PPI if they didn't want it.

Overall, I think Bradford and Bingley made Mr and Mrs G aware that the PPI was optional and they chose to take it.

I am also satisfied the policy was suitable given Mr and Mrs G's circumstances and I say this because:

- Mr G was eligible for the policy given his circumstances and the PPI terms and conditions.
- The policy could have been split in order to cover both Mr and Mrs G, but the evidence the business has provided from the time of sale suggests that Mr G was the main earner at the time. So, although Mrs G later increased her hours of work, I think it was appropriate for the policy to be taken out in Mr G's sole name.
- Mr G says he would have received some work-related benefits if he couldn't work due to a sickness or accident and he and Mrs G had some savings. But the policy would have paid out in addition to the occupational benefits and would do so, it seems, for longer. Having the policy in place would mean Mr G could use his work-related benefits and savings to pay for other expenses. This would probably have been all the more important when the policy was sold given that his was the main source of income. So I think Mr and Mrs G would have had some use for the policy despite their existing arrangements.
- Mr G wasn't affected by any of the conditions limiting the policy's main benefits, such as those affecting self-employed people or people with pre-existing medical conditions. As he could have benefited from the full extent of the cover I think it unlikely he and Mrs G needed better advice or information about the policy's exclusions and limitations.
- I can't be sure when Mr and Mrs G were told the cost of the PPI. But the explanatory leaflet the society says it gave Mr and Mrs G when they applied for the PPI also gives the cost per £100 of cover and some example costs. So – even if Mr and Mrs G didn't know the exact amount of the premium when they bought the policy I think they might have known approximately what it was. Ultimately, I think Mr and Mrs G were aware they had to pay *something* for the policy and I've seen nothing to suggest it was unaffordable or that the benefit was insufficient to meet their total monthly mortgage repayments.

It's possible that some of the information the bank gave Mr and Mrs G about the PPI wasn't as clear as it should have been. But they chose to take out the policy and so appear to have wanted this type of cover. As I've already said Mr G wasn't affected by any of the exclusions or limitations and the policy seems to have been affordable, I think it unlikely Mr and Mrs G

would have made a different decision if better information had been provided – overall, I think they would still have taken out the policy.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs G to let me know whether they accept or reject my decision before 2 February 2014.

Susan Peters
ombudsman