

complaint

Ms K and Mr S say Bank of Scotland plc (trading as Halifax – “Halifax”) mis-sold them a payment protection insurance (“PPI”) policy.

background

This complaint is about a monthly premium PPI policy taken out with a secured loan in 2001. The PPI was taken out in Mr S’s name only.

Our adjudicator didn’t uphold the complaint. Ms K and Mr S 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.

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 Ms K and Mr S’s complaint because:

- I think Halifax made Ms K and Mr S aware that the PPI was optional and that they chose to take it. Ms K and Mr S say that they had no real choice and didn’t request the PPI. I’ve seen a copy of Ms K and Mr S’s loan agreement. This suggests that the agreement was completed following a discussion with an adviser. The agreement asked “*Do you want Personal Loan Repayments Insurance?*” The box had been checked ‘yes’ to say Ms K and Mr S did want PPI. If they hadn’t wanted it, I think the ‘no’ box would’ve been checked to refuse it. And Ms K and Mr S signed the loan agreement which has a clear section highlighting the PPI in a separate column. I’ve thought about what Ms K and Mr S have said. But I don’t think there’s enough evidence for me to say Halifax added the PPI to their loan without their agreement.
- Next I’ve considered where I’ve been told that Ms K and Mr S agreed to the policy because they felt they had to have it due to get their loan and felt coerced. Pressure is quite a subjective test, because what one person may see as pressure, another may see as encouragement. Of course it is possible that Halifax made Ms K and Mr S feel that they ought to take the policy to secure their loan. But it is equally possible that the adviser simply encouraged them to reflect on whether they had the means to protect their loan repayments – and home. While I recognise that Ms K and Mr S have given us their best – and passionately held – memories of the sale, I cannot fairly find that they were pressured into buying the policy all that time ago based purely on their recollections.
- I think Halifax recommended the PPI to Ms K and Mr S but it doesn’t look as if it was unsuitable for them based on what I’ve seen of their circumstances at the time. Mr S tells me that he was entitled to up to 6 month’s full sick pay. The policy provided up to 60 months protection for accident and sickness which extends beyond Mr S’s sick pay and would’ve paid out alongside it. Simply put the policy offered greater protection than Mr S’s workplace benefits. The policy also provided 12 months redundancy cover. I think the policy would’ve been useful to Ms K and Mr S and would’ve provided them with peace of

mind if Mr S was unable to work. They were borrowing a significant sum of money over a long period of time. I can't ignore the fact either that this loan was secured on their home. I'm persuaded that the policy was suitable and would've been of benefit to them which met their requirements at the time.

- The cost of the policy was shown on the loan agreement. So I think Ms K and Mr S would've understood how much they would need to pay for it.
- It's possible Halifax didn't point out the main things the policy didn't cover. But it's unlikely Mr S would have been affected by any of these. I say this because he was in a full-time employed role and was in good health at the time of the sale. Any exclusions such as those relating to pre-existing medical conditions, or those relating to the self-employed wouldn't have mattered to him. So I can't say that if he was told this he would've changed his mind.
- I can see that the loan was for consolidation purposes. I've considered whether Ms K and Mr S would need flexibility to cancel the PPI early without penalty if they decided to redeem their loan early. However as this was a monthly policy it could be cancelled without penalty or charge to Ms K and Mr S if they decided to consolidate the borrowing in a further loan. I can't say therefore, that the policy recommended did not offer flexibility, when it did.

For these reasons I don't uphold this complaint.

my final decision

For the reasons set out above, I don't uphold Ms K and Mr S's complaint and make no award against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms K and Mr S to accept or reject my decision before 8 February 2016.

Daniel Lucas
ombudsman