

complaint

Mr W says Lloyds Bank plc mis-sold him a payment protection insurance (PPI) policy.

background

Mr W took out a mortgage in 2010 in one of the bank's branches and bought PPI at the same time. The insurance gave him protection against accident, sickness and unemployment and he paid a monthly amount for the cover.

Our adjudicator didn't uphold the complaint. Mr W disagreed, saying he was led to believe the PPI was compulsory and he didn't need it as he would've received statutory sick pay. So the complaint was 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.

Our general approach to complaints about PPI is on our website and I've followed it here.

I've decided not to uphold Mr W's complaint. I'll explain why.

- Mr W says he was made to think he had to have PPI to get the mortgage. Lloyds disputes this. I can't know what was said in the meeting, but I've considered Mr W's comments and I've looked at all the documentation.

Mr W's mortgage offer clearly stated *'You are not obliged to take out any insurance through Lloyds TSB as a condition of this mortgage'* and went to explain only buildings insurance (from any provider) was a condition of the mortgage. The bank completed a Summary of Your Needs & Our Recommendation with Mr W at the meeting. This recorded that he'd accepted Lloyds' recommendation to take out PPI. Again this document stated *'Our insurance is optional and not a condition of any mortgage you may take with us'*.

Mr W then completed and signed a separate PPI application form and direct debit mandate indicating he wanted, and was agreeing, to take out the cover. I've thought carefully about what Mr W's told us, but I think the balance of evidence shows Lloyds made it clear to Mr W that the PPI was optional – and he chose to take it.

- Lloyds recommended the PPI to Mr W, and it seems to have been right for him based on what I've seen of his circumstances. Mr W was entitled to statutory redundancy and sick pay but the PPI would've paid out in addition to this – and for much longer (up to 12 months). Mr W said his friends and family would've helped him but that's not suitable alternative protection – it's not guaranteed and people's circumstances can change. Overall, I think the PPI would've been useful for Mr W if he was sick or lost his job during the term of his mortgage.
- It's possible Lloyds didn't give Mr W all the information he needed before deciding to buy PPI. I don't know that the bank pointed out the main things the PPI didn't cover. But Mr W doesn't appear to have been affected by any of the main exclusions. He told us he had a medical condition at the time of the sale and had previously been off work for two

weeks because of it. But I don't think he would've expected to need to claim under the policy because of it (the deferral period was 60 days). I say this as at the time of the sale he completed a detailed declaration form confirming he was in good health - it doesn't seem that the condition typically affected his day-to-day living. I also can't be sure when Lloyds first made the cost clear, but the PPI was competitively priced and apparently affordable. So I don't think better information about the PPI would've changed Mr W's mind about buying it.

Overall, I don't think Mr W has lost out because of any problems with the sale.

my final decision

My decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 February 2018.

Rebecca Connelley
ombudsman