

## **complaint**

Mr and Mrs H say Lloyds Bank PLC (trading as TSB) mis-sold them payment protection insurance (PPI).

## **background**

Mr and Mrs H took out a mortgage with Lloyds in 1996 and bought a PPI policy at the same time. It would've given Mr H a monthly benefit for up to 12 months if he couldn't work because of accident, sickness or unemployment.

Mr and Mrs H say Lloyds told them they had to have PPI, even though Mr H was self-employed. They say when Mr H tried to claim on the policy, the claim was turned down and so the PPI wasn't suitable for them.

The adjudicator who looked at Mr and Mrs H's complaint didn't uphold it. Mr and Mrs H disagree and so their complaint has come to me to decide.

## **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 account of this here.

Having done so, I've decided not to uphold Mr and Mrs H's complaint. I'll explain why.

First of all, I think Mr and Mrs H agreed to the PPI knowing they had a choice. I say this because I can see the mortgage application they signed has "yes" and "no" options for PPI and "yes" has been ticked. And there's nothing in their mortgage offer to suggest they had to have it as a condition of their mortgage.

Lloyds says it recommended the PPI to Mr and Mrs H so it needed to make sure it was right for them. Mr and Mrs H say it wasn't, Lloyds says it was.

Neither Lloyds nor Mr and Mrs H have a copy of the policy document that would've applied to the PPI. But Lloyds has given us a policy document from 1998 for the same type of PPI product as Mr and Mrs H had, which was called MortgageSure. Because I haven't got anything else, I think it's reasonable for me to rely on this document to give me an indication of the terms likely to have applied to Mr and Mrs H's PPI.

Mr and Mrs H say Mr H tried to claim on the PPI for unemployment but his claim was turned down because he was self-employed. They say this shows the PPI wasn't right for them. But when we asked Mr H, he said he couldn't remember when he tried to claim and doesn't have any paperwork. All he can remember is a call from the bank saying he wasn't eligible to claim. And when we asked Lloyds, it said it had no record of Mr H trying to make a claim.

I've looked at the 1998 policy document I've got. And it says Mr H would've been able to claim if he stopped working, even though he was self-employed. It also says it wouldn't have been more difficult for him to claim than if he was employed, rather than self-employed. I can't explain what happened about the claim Mr H says he tried to make. All I can say is that the policy terms I think are likely to have applied to his PPI wouldn't have made it difficult for

him to claim. So I don't think it's likely this term made the policy unsuitable for him when he and Mrs H bought the PPI.

Mr H had surgery more than a year before he and Mrs H bought the PPI. And the PPI policy is likely to have excluded cover for some existing health issues. I don't know if Lloyds advised Mr and Mrs H about this limitation, as it should've. But Mr H has said he was fully recovered when he and Mrs H bought the PPI. So I don't think any limitation on existing health issues is likely to have made the policy unsuitable for them or would've stopped them buying it.

I've gone on to see if there are any other reasons why I should uphold Mr and Mrs H's complaint but I don't think there are. I think the PPI – which gave Mr H up to 12 months cover if he couldn't work because of sickness, accident or unemployment – was useful protection for Mr and Mrs H. Since Mr H was self-employed, he wouldn't have got any pay if he couldn't work because he was sick. And it seems he and Mrs H didn't have any other ways of making their mortgage repayments if things got difficult. A mortgage is a significant financial commitment and I think having PPI to cover it if Mr H wasn't working would've given Mr and Mrs H some peace of mind.

I don't know what advice Lloyds gave Mr and Mrs H about the policy benefits, although I can see the cost is set out in their mortgage offer. But I haven't seen anything to make me think the cost made it unsuitable for them given the potential benefit it offered or that they couldn't afford it.

As well as making sure the PPI was right for Mr and Mrs H, Lloyds also had to give them enough clear information about it for them to decide if they wanted it. I don't know what steps Lloyds took to do this. But I've already said I think Mr and Mrs H agreed to the cover and it was likely to have been right for them. So I think clearer information from Lloyds about the policy – had it been needed – would only have confirmed this to Mr and Mrs H. I don't think they've lost out because of anything Lloyds did wrong, so there's nothing it needs to do to put things right.

### **my final decision**

For the reasons I've given, I don't uphold Mr and Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 13 November 2017.

Jane Gallacher  
**ombudsman**