

complaint

Miss B says Lloyds Bank PLC mis-sold her two mortgage payment protection insurance (MPPI) policies.

background

Miss B took out two mortgages with Lloyds. The first was in 1997 and the second in 1999. Miss B also took out a further advance on her first mortgage. Lloyds said all the mortgages were arranged in branch.

Miss B was sold MPPI policies with both mortgages which she paid monthly amounts for. The further advance increased Miss B's monthly premium on the first policy.

Our adjudicator didn't uphold the complaint. Miss B disagreed with the adjudicator's opinion, so the complaint has been 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. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding Miss B's case. Having done so, I've decided not to uphold her complaint. I'll explain why.

- Lloyds has only been able to give us limited paperwork, which isn't surprising considering how long ago the sales were and the fact that the mortgage accounts were closed in 2002. Miss B also hasn't been able to give us paperwork from the time of the sales. But Lloyds has been able to give me a copy of Miss B's signed 1997 mortgage application.

Section 16 of the application was titled '*Applying for TSB MortgageSure*' which was the name Lloyds gave to its MPPI policies. Although the copy isn't of good quality, I can see there were 'yes' and 'no' tick boxes to select MPPI or otherwise. The 'yes' box was ticked. This might've been done by Miss B or the advisor. It looks like there were some further questions about Miss B's employment and health which had been answered with further ticks. I can't be sure who completed the forms and ticked the boxes. It may have been Miss B or the advisor. But if it was the advisor I think it's likely the form was completed in response to answers Miss B gave. So I think it's more likely Lloyds made Miss B aware that she had a choice about buying the MPPI and that she chose to take it.

Lloyds doesn't have a copy of Miss B's 1999 application. This makes it harder to see if she was given a choice about MPPI on her second mortgage. As I don't have anything more, and as I'm satisfied Miss B was given a choice in 1997, I think it's more likely she would be aware she had a similar choice in 1999.

- Lloyds says it recommended the MPPI policies to Miss B. But Miss B doesn't recall being advised. I've looked at the sales as if advice was given to Miss B, because Lloyds has said it *should've* given Miss B advice. And in that case it needed to make sure the policies were right for her.

Based on what I've seen of Miss B's circumstances, I think the policies were suitable. I've considered both policies together because the cover they provided was similar and

Miss B said her circumstances stayed broadly the same.

Miss B says she didn't need MPPI because she would've been entitled to six months full pay then six months half pay if she'd been too ill to work. She'd also have received some payment if she'd been made redundant, which may've been at an enhanced rate. But if she'd made a successful claim, each of her policies could've paid out for up to a year – and this would've been in addition to Miss B's employee benefits, leaving those benefits for other living expenses at what could've been a difficult time.

Miss B also said she had some savings and could've been helped out by her family. But the policies would've meant she could preserve her savings. And I've no doubt her family would've wanted to help her out, but her relatives' circumstances could change too – so their help couldn't be guaranteed.

So I think the policies were right for Miss B and could've been useful for her.

- Lloyds has shown me Miss B's 1997 mortgage offer. This set out the costs of her policy. Whilst I appreciate this came after the meeting and Miss B doesn't feel things were explained to her, even with better information I still think Miss B would've bought it given its potential usefulness.

Neither Miss B nor Lloyds have either the further advance paperwork or the second mortgage paperwork. So I can't be sure how MPPI costs were explained then. But because I think Miss B would've found the policies useful, I don't necessarily think the costs would've stopped her from buying them. A mortgage is a large, long term commitment, and the consequences of Miss B failing to meet her repayments could've been very serious.

- It's possible Lloyds didn't point out the main things the policy didn't cover, like existing medical conditions. But Miss B doesn't appear to have been affected by any of those things, so I don't think it would've made a difference to her decision in taking the cover.

I've taken into account Miss B's comments, including what she's said about Lloyds not having proof that she consented to taking the policies. But I don't think it's reasonable to expect Lloyds to have kept copies of the paperwork all this time, particularly as Miss B repaid the mortgages in 2002. So I've based my findings on what evidence I've seen and what I think is more likely to have happened.

my final decision

For the reasons set out above, I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 April 2017.

Aimee Stanton
ombudsman