

complaint

Mr M complains that Cheltenham & Gloucester plc (“C&G”) plc mis-sold him a payment protection insurance (“PPI”) policy. The complaint is brought on his behalf by a claims management company.

background

This complaint is about a mortgage PPI policy taken out in 1998. The policy was taken out in one of the bank’s branches when Mr M was applying for a mortgage. The policy provided him with cover for accident, sickness and unemployment.

Our adjudicator did not uphold the complaint. Mr M 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.

I think 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. And the main questions I need to consider are:

- If C&G gave any advice or recommendation, did it make sure the product it recommended was suitable for Mr M’s needs?
- Did C&G give Mr M the information he needed to decide whether to take out the policy?

If there was a problem with the way the policy was sold then I need to consider whether Mr M is worse off as a result. That is, would he have done something different – such as not taking out the policy – if there hadn’t been any problems with the sale?

I have decided not to uphold Mr M’s complaint and I’ve set out my reasons below.

Mr M says it was TSB bank that sold him the policy. At the time, C&G was owned by Lloyds TSB Bank plc, but it was C&G that agreed his mortgage application and sold him the PPI.

The mortgage application form includes equally clear “yes” and “no” boxes and Mr M ticked the “yes” box to confirm that he wanted to apply for cover. He also completed and signed a separate proposal form. So there is nothing in the paperwork to suggest the PPI had to be taken out for the mortgage application to be approved. Overall, I think the bank made Mr M aware that PPI was optional and he chose to take it out.

The bank has accepted that it advised Mr M to take out the policy and it doesn’t look like it was unsuitable for him based on what I’ve seen of his circumstances at the time. I say this because:

- Mr M was eligible for the policy given his circumstances and the PPI terms and conditions.

- Mr M says he would have received some work-related benefits if he couldn't work due to a sickness or accident. 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 M could use his work-related benefits and savings to pay for other expenses. So I think he would have had some use for the policy despite his existing arrangements.
- Mr M 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 needed better advice or information about the policy's exclusions and limitations.
- None of the paperwork the bank has given us from the point of sale shows exactly how much the policy would cost each month (£11.00). But the wording on the application does suggest something will be payable. The cost would have been set out in the policy schedule and it doesn't seem that this caused Mr M to raise any concerns with the bank. Mr M chose to take out the policy, knowing he would have to pay something for it. The policy was competitively priced, apparently affordable and the benefit appears to have been sufficient to cover the monthly mortgage repayments. So I think it unlikely he would have made a different decision even if the costs of the policy had been made clearer at the point of sale.
- I have taken into account what Mr M has told us about his personal circumstances when he agreed to the PPI. But I am not persuaded that the bank pressured him to take the policy and this point does not change my conclusion.

It's possible the information the bank gave Mr M about the PPI wasn't as clear as it should have been. But he chose to take out the policy and so appears to have wanted this type of cover. As I've already said Mr M wasn't affected by any of the exclusions or limitations and the policy seems to have been affordable, I think it unlikely Mr M would have made a different decision if better information had been provided – overall, I think he would still have taken out the policy.

my final decision

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

Elizabeth Dawes
ombudsman