

complaint

Ms F complains that Lloyds Bank plc (trading as TSB) mis-sold payment protection insurance (PPI) to her.

background

In 1996 Ms F took out a mortgage with Lloyds, and at the same meeting was sold PPI to cover repayments on that. The mortgage ended in 2001. She said she didn't need the PPI because she already had good benefits from her employer, covering sickness and death in service.

Our adjudicator did not recommend that the complaint was upheld. Ms F disagreed and 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. I've taken this into account in deciding Ms F's case.

Lloyds hasn't been able to supply a copy of the actual policy from over 20 years ago. That isn't surprising. I've had to base my decision on what we know about the terms of this type of policy two years later in 1998 - the most relevant information available.

I've decided not to uphold Ms F's complaint because:

- I have seen a copy of the mortgage application form Ms F signed. That contains a section showing that she was given a choice about whether or not to take the PPI and that some checks were done to make sure she was eligible;
- From what I know of her circumstances, she was indeed eligible for the policy;
- And she wasn't affected by any of the limitations (such as those for existing medical conditions) which would make it hard for some people to make a successful claim;
- Lloyds accepts that it recommended the PPI to Ms F. So it had to check if it was suitable. I think it was.
 - o The PPI provided cover for sickness, accidents and unemployment, but not life cover. So any existing life (or death in service) cover Ms F had did not make the PPI unsuitable;
 - o Although Ms F would have got six months full sick pay from her employer (and six months half pay), it looks as though she would have had serious difficulty paying for her mortgage (as well as covering other expenses) after the first six months of sickness. And, although she would have been entitled to redundancy pay if she lost her job, that could have been used up quite quickly. She did have some savings, but those wouldn't have lasted long either, and help from friends and family cannot always be relied on;

- However the PPI would have covered her mortgage payments for twelve months (after an initial 30 days for sickness and 60 days for redundancy). It would initially have provided an extra income on top of her benefits and resources and then been particularly useful once those ran out.
- I can't be sure that Lloyds explained all the details of the PPI policy (particularly the costs and benefits) adequately. But it looks as though the policy was affordable, and the mortgage offer did show the monthly cost. In all the circumstances, I don't think Ms F would have refused the PPI even if she had been given better information.

So overall, taking everything into account, I think Ms F chose to take the PPI knowing that it was optional, that it was suitable for her and she would have still taken it if better information had been provided. Therefore I don't think she lost out because of anything Lloyds did wrong.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 6 February 2017.

Hilary Bainbridge
ombudsman