

complaint

Ms M says Lloyds Bank Plc, trading Cheltenham & Gloucester at the time mis-sold her a mortgage payment protection insurance (PPI) policy.

background

The background to this complaint, and my provisional findings, can be found in my provisional decision which I've attached below and which forms part of this final decision.

In summary, I didn't think Lloyds mis-sold the PPI to Ms M for the following reasons:

- I think Lloyds made Ms M aware she had a choice in taking PPI, and she subsequently chose to take it.
- I think Lloyds recommended the PPI to Ms M. So it had to check the PPI was suitable for her, and based on the information Ms M had given me about her circumstances when this cover was sold, I think that it was.
- Lloyds also had to give Ms M enough information about the PPI so she could decide for herself if she wanted to buy the cover. I thought it was possible that the information Lloyds gave Ms M about the PPI might not have been as clear as it should have. But I didn't think clearer information would've stopped Ms M from buying the PPI.

Lloyds didn't respond to my provisional decision, so I assumed it doesn't have anything else it'd like me to consider.

Ms M responded to the provisional decision with the following main points:

- Ms M owns a property with additional rooms and if she wasn't able to pay her mortgage, she would have rented these rooms out.
- Her family would have helped her make repayments to the mortgage if she wasn't able to.
- There has not been a shortage of job roles in the field Ms M works in. And she would plan ahead should her job be at risk to ensure that she secured a new position ahead of time.

my findings

I've again considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. And having done so, I'm deciding not to uphold Ms M's complaint. And I'll cover off the main points she has raised below.

I understand Ms M says she would have rented out the rooms in her home if she couldn't pay the mortgage. But this couldn't be guaranteed. And the PPI would mean that she wouldn't have to do this, if she wasn't able to work through accident, sickness or if she lost her job.

Ms M says she could have relied on the help of her family. But individual circumstances can also change – and Ms M’s family may not have been in a position to help her when needed, and the PPI would have helped her reduce reliance on such help. So I still think she could have found the policy useful if something were to go wrong.

I appreciate Ms M’s comments about the field of work she was in and there are no shortages of job roles in this area. But PPI, like other insurances, is designed to cover the risk of something happening that is usually unforeseen. Ms M couldn’t have known for certain when she took out her PPI policy that this was going to be the case – nor is this something that could have been foreseen by Lloyds.

And so it follows that I can’t agree that this PPI policy was mis-sold.

my final decision

For the reasons set out above, I don’t uphold Ms M’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms M to accept or reject my decision before 23 February 2019.

Sophie Wilkinson
ombudsman

copy of provisional decision

complaint

Ms M says Lloyds Bank Plc, trading Cheltenham & Gloucester at the time mis-sold her a mortgage payment protection insurance (PPI) policy.

background

Ms M took out a PPI policy with a mortgage in 1997. She paid a monthly amount for the policy and it would have covered her for up to 12 months per claim in the event that she couldn’t work through accident, sickness or if she lost her job.

Our adjudicator didn’t think we should uphold the complaint. Ms M disagreed with the adjudicator’s opinion, so the complaint has been passed to me to decide.

my provisional findings

I’ve considered all the available evidence and arguments to decide what is 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 Ms M’s case.

I currently think the policy wasn’t mis-sold because:

- Ms M says she wasn’t given a choice in taking PPI. Lloyds say it would have made it clear the PPI was optional and it would have got her consent before adding the cover. Where there’s a dispute

about what happened, I have to base my decision on what I think is *most* likely to have happened – taking into account all the evidence that's available.

Given how long ago that's now passed since the sale, there's very limited information available for me to know how the PPI was presented to Ms M. I've thought very carefully about what Ms M has said about the sale, and that she hadn't taken PPI with other mortgage provider prior to this – but I don't necessarily think this means she wasn't given a choice in buying this cover. Or that she didn't want it at the time.

Ms M has said she didn't have a choice, but hasn't given me much information about why she felt like this. And for me to be able to agree with what she's said about the sale, I think to think it more likely that someone at Lloyds misled Ms M into thinking she had to buy cover – or that someone deliberately added the PPI without her knowing about it. And although I agree this is possible, I don't think it's more likely.

So based on everything I've read and been told, I don't think I can fairly say that Lloyds didn't give Ms M a choice – or added the cover without her knowledge.

- Lloyds say it recommended the PPI to Ms M so it had to check that the PPI was right for her – and based on what I've seen of her circumstances at the time, I think that it was. For example she wasn't affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.
- It's possible the information Lloyds gave Ms M about the PPI wasn't as clear as it should've been. But she chose to take it out - so it looks like she wanted this type of cover. And it seems like it would have been useful for her if something went wrong. It also looks like it was affordable at the time. So I don't think better information about the PPI would have put her off taking out the cover.

I've thought about everything Ms M has said - including what she has said about being able to find a temporary job if she became unemployed and she had stocks, shares and savings she could have used. But these points don't currently change my decision.

I appreciate that Ms M would have tried to find temporary work if she lost her job. But temporary work isn't guaranteed and so the PPI could have helped her make repayments to the mortgage if she wasn't working. The PPI would have also helped her if she couldn't work through sickness – I understand that Ms M would have received some sick pay from her employer if she was unwell. But this PPI would have paid out in addition to, and for longer than her sick pay would have lasted. So I still think the PPI could have been useful.

In addition to this, Ms M said she had savings, stocks and shares she could have used to make repayments to the mortgage, but this PPI would have paid out on top of these things – and it would have meant that she didn't have to use them to repay her mortgage – and could have used them for other important expenses in what I presume would be a difficult time financially.

The value of stocks and shares can and do fluctuate. So the stocks and shares she had may not have held the value she'd needed them to at the point in which she might have needed help. So I still think this means the PPI could have provided a useful benefit to her.

I've also thought about whether Lloyds needs to give Ms M some of the commission she paid back. The Supreme Court ruling and new rules and guidance don't apply to certain types of mortgage agreement – including a 'regulated mortgage'. As Ms M's mortgage became a regulated mortgage before 6 April 2008 they don't apply. So Lloyds doesn't need to refund any of the commission Ms M paid for the PPI she had with that mortgage.

my provisional decision

For the reasons set out above, I don't intend to uphold this complaint.

I now invite Ms M and Lloyds to give me any further information 29 November 2018.