

complaint

This complaint concerns a mortgage payment protection insurance ('MPPI') policy sold to Mr D and Miss E by Bank of Scotland plc (trading as Halifax at the time of sale, referred to as "Bank of Scotland" in this decision).

background

Mr D and Miss E applied for a mortgage with Bank of Scotland in 1995. Alongside the mortgage, Mr D and Miss E purchased a MPPI policy to protect their mortgage payments in the event of accident, sickness or unemployment.

Mr D and Miss E have complained that the MPPI policy was added without their knowledge or consent. Our adjudicator's assessment was that the MPPI policy had not been mis-sold. As Mr D and Miss E have disagreed with the adjudicator's assessment, the complaint has been referred to me for a review of the case and a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have decided to not uphold Mr D and Miss E's complaint. My reasoning is given below.

was the MPPI added without Mr D's and Miss E's knowledge or consent?

This is not an easy issue to decide as there is very little direct evidence from the time of the sale to show what actually happened. Where the evidence is incomplete, inconclusive or contradictory – as it is here – I base my decision on what I consider is most *likely* to have happened given the evidence I have and the wider surrounding circumstances.

With this in mind, I consider it *likely* that Mr D and Miss E consented to buy the policy. I say this because Bank of Scotland's computer records show questions relating to Mr D's and Miss E's eligibility for the policy have been answered. So it seems to me that a conversation about MPPI did take place. I also consider it likely that Bank of Scotland would have sent documents relating to the MPPI (such as policy documents) to Mr D and Miss E after the sale. If Mr D and Miss E had not consented to the policy, I would have expected them to have queried why they had received these documents. I have seen no evidence that they did so.

I am also mindful that the sale was nearly twenty years ago. Memories can fade over such a period. Therefore, whilst I acknowledge that Mr D and Miss E can't remember any discussions relating to MPPI, this does not necessarily mean that such conversations didn't take place.

was the MPPI suitable and were Mr D's and Miss E's information needs met?

I am satisfied that Bank of Scotland gave Mr D and Miss E advice during the sales process. In line with our well established approach to complaints about PPI, I must therefore consider whether Bank of Scotland did enough to ensure that the MPPI was suitable for Mr D and Miss E. I must also consider whether they were provided with sufficiently clear information to allow them to make an informed purchasing decision.

My view is that the policy was suitable for Mr D and Miss E. I came to this conclusion because:

- It appears that they met the eligibility criteria for the policy, were in good health and were in regular employment at the time of the sale. So I don't think Mr D and Miss E would have been caught by the 'small print' of the policy – that is, they would have been able to make a successful claim on the policy had they needed to.
- There was a potential need for cover. I do not think Mr D and Miss E would have been able to meet their day-to-day living expenses and their mortgage repayments if either one of them had an unexpected or prolonged absence from work. I recognise that Miss E had sick pay from her employer. But the policy would have paid benefits in addition to, and for longer than, these work benefits. And I note Mr D only had statutory sick pay. The policy would also have paid benefits in the event of unemployment – and I have not seen any evidence that Mr D and Miss E had significant other means (such as savings or other insurance policies) which they could have relied on in such an eventuality.
- The policy, which cost £12.45 per month, appears to have been affordable to Mr D and Miss E.
- The policy could have been cancelled at any time, giving Mr D and Miss E flexibility should their circumstances or needs have changed.

So, the policy was affordable, flexible and offered benefits that would help Mr D and Miss E keep up with payments on their home should either one of them have been unable to work for an extended period of time. Given this, and the potentially serious consequences of default on a mortgage, I consider the policy to have been a suitable recommendation.

It's possible the information Bank of Scotland gave Mr D and Miss E about the PPI wasn't as clear as it should have been. But for the reasons outlined above, I do not think further information on the policy's costs, limitations and benefits would have influenced their decision. The MPPi was reasonably competitive for a policy of this type. And there appears to have been some need for the protection provided. So, even if the information had been clearer, on balance I think Mr D and Miss E would still have taken out the policy.

my final decision

For the reasons given above, I do not uphold the complaint or make any award against Bank of Scotland plc.

Christian Wood
ombudsman