

## **complaint**

Mr and Mrs B complain that Lloyds Bank plc mis-sold Payment protection insurance (PPI) to them. The sale was actually done by TSB, which merged into Lloyds, so that is now responsible for it. For simplicity I shall refer to Lloyds throughout.

## **background**

In 1995 Mr and Mrs B took a mortgage from Lloyds and at the same time were sold monthly premium PPI to protect repayments on that. The PPI covered Mr B only, for accident sickness and unemployment. Mr and Mrs B told us initially that the PPI was added to their mortgage without their knowledge or consent. Mr B said he was already covered by his employer and Mrs B was unemployed so they had no use for it.

Our adjudicator did not recommend that the complaint was upheld. Mr and Mrs B disagreed so the complaint has been passed to me to make a decision.

## **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 Mr and Mrs B's case.

Although Mr and Mrs B said the PPI had been added without their knowledge, Lloyds has provided a copy of the mortgage application which they signed and that includes a section about it. The PPI was called "MortgageSure". The photocopy of the old document isn't entirely clear. But I can see that mortgage applicants were asked if they required the PPI cover and were offered two different boxes to tick (which I think must have been to say yes or no – as on other clearer parts of the form - and the yes box has been ticked on Mr and Mrs B's form). The form goes on to ask a few questions about eligibility for the PPI, and has been completed as regards Mr B. Earlier the form has been completed to show that Mrs B was a "housewife" and didn't have any income from employment or self-employment. The form makes me think that, at the time, Mr and Mrs B must have known that the PPI was optional and chose to take it. I can understand why they might not remember that so much later.

Lloyds hasn't been able to provide a copy of the policy offered back in 1995. When it was so long ago, that in itself isn't a reason to criticise Lloyds or uphold the complaint. The best evidence I have for what would be in the policy is a booklet from 1998. The policy was probably similar in 1995 so I have taken that into account when considering the complaint.

Lloyds says it advised Mr and Mrs B to take the PPI, and that seems likely from the application form. In that situation as well as giving Mr and Mrs B enough information about the PPI, Lloyds needed to check if it was suitable for them. I think that it was:

- Mr B was eligible for the policy. Although Mr B said very recently that his wife was self-employed at the time, that isn't what he told us initially or what is shown on the mortgage application. Both those indicate that she was not in paid work at all at the time. I think that is likely to be correct. When it seems Mrs B wasn't in paid work, she wasn't eligible for the policy. So it was right for it only to cover Mr B;

- From what I know of his situation Mr B wasn't affected by any of the limitations in the policy (such as those about existing medical conditions) which might make it particularly hard for some people to make a successful claim;
- I appreciate that Mr B says he was entitled to six to twelve months of sick pay from work. Almost always that means only six months full sick pay before it reduces to half. I don't think Mrs B was earning. Mr and Mrs B didn't have any savings and only had family support (which can't be guaranteed). I note that Mr B says he was sick for 12 weeks but they kept up with bills because of his sick pay. But I think they would have struggled to pay the mortgage and other expenses if Mr B had been sick for more than six months. Whereas if necessary the PPI would have covered the mortgage repayments for up to 12 months (after an initial 30 day waiting period) if Mr B was sick. It would also have paid out on top of any work benefits;
- The PPI also covered Mr B for unemployment. Given how long he'd been in his job Mr B wouldn't have been entitled to much redundancy pay if he'd lost it. Although Mr B says his job was secure, very few jobs are entirely secure. I think they would have struggled quite soon if Mr B lost his job and couldn't find another. Whereas if necessary the PPI would have covered mortgage payments for 12 months after an initial 60 day waiting period;
- A mortgage is a big, long term commitment, with the risk of losing your home if you don't keep up with repayments. In all the circumstances, I think the PPI was suitable for Mr and Mrs B to provide security against that risk;
- I have not seen anything to suggest the PPI was unaffordable or wasn't reasonable value for the cover it offered.

I appreciate that Mr B says they wouldn't have been given the mortgage if Lloyds thought they couldn't afford it. That is right. But the PPI was to insure against some unexpected unfortunate event happening, like a significant accident or illness which kept Mr B off work for a long time, or him losing his job. As I've indicated above, I think Mr and Mrs B could have struggled in that situation and the PPI would then have been useful.

I can't be sure how much information Lloyds gave Mr and Mrs B about the PPI. But for similar reasons to those for thinking the PPI was suitable, I think they would still have taken the PPI with better information. When I don't think Mr and Mrs B have lost out because of anything Lloyds might have done wrong, I don't have grounds to uphold the complaint.

### **my final decision**

My decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 23 June 2017.

Hilary Bainbridge  
**ombudsman**