

complaint

Mr S says Bank of Scotland plc, trading as Halifax, mis-sold him a payment protection insurance ("PPI") policy.

background

Mr S bought the policy in 2000 at the same time as taking out a loan. Mr S took out a number of loans with Halifax and this decision is about the loan account number ending in 780-4. The loan included an amount to pay for the policy.

Our adjudicator didn't uphold the complaint. Mr S disagreed with the adjudicator's opinion 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 and I've taken this into account in deciding Mr S's case.

I've decided not to uphold Mr S's complaint. I'll explain why.

- I've seen a copy of the loan application form and a copy of the loan agreement. The application form shows that Mr S signed separately to signing for the loan, to say he wanted the PPI. There was another section next to this, which he could have signed if he didn't want the policy. So I think Halifax made Mr S aware the PPI was optional and that he chose to take it out.
- Halifax recommended the PPI to Mr S, but it doesn't look as if it was unsuitable for him based on what I've seen of his circumstances at the time.
- The cost of the policy was shown – including the amount of the premium, the interest payable on the premium and the total cost. Although I can't see that the monthly cost of the PPI was made clear. But I still think Mr S would've had enough information to understand how much the PPI would cost if he kept the policy for its full term. I also think that Mr S could've afforded it.
- Given how long the policy could've paid out for, if Mr S made a successful claim he could've got back quite a bit more than what he paid for it.
- Mr S would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if Halifax thought about this when it recommended the policy or explained the situation clearly to Mr S. And although Mr S has told us he usually repaid his loans early, I've seen nothing to make me think it's likely he thought he would do that. So I don't think this made the policy unsuitable or better information about this would've stopped him buying it.
- It's possible Halifax didn't point out the main things the policy didn't cover, such as medical conditions that had already been diagnosed or self-employment. But it's unlikely Mr S would've been affected by any of these.

I've taken into account Mr S's comments, including what he's said about the savings he had at the time he took out the policy. But he's also said he could've used them for other things, like repairs to his home. And I think in the event he couldn't work, he would've been able to use them to meet his other living costs. So I think the policy would've been useful in preventing Mr S from having to rely on those savings to make his loan repayments.

my final decision

For the reasons set out above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 April 2016

Ifrah Malik
ombudsman