

## **complaint**

Mr and Mrs S say Lloyds Bank PLC (“Lloyds”), trading as TSB, mis-sold them a mortgage payment protection insurance (“PPI”) policy.

## **background**

Mr and Mrs S took out a PPI policy in 1994 when they applied for a mortgage. The policy covered Mr S only. This could’ve covered their monthly mortgage repayments if Mr S was too ill to work or lost his job.

It cost around £18.90 per month and for a successful claim it would’ve paid a monthly benefit of around £300 for up to 12 months.

Our adjudicator didn’t uphold the complaint. Mr and Mrs 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 and Mrs S’s case.

I’ve decided not to uphold Mr and Mrs S’s complaint. I’ll explain why.

Lloyds had to make it clear to Mr and Mrs S that the policy was optional and get their consent before the PPI could be added to the mortgage. Mr and Mrs S have told us the PPI was added without their knowledge and consent. In the consumer questionnaire they completed, they’ve said the first they became aware of the policy was when they received the mortgage offer. They believed it was required as there was no indication it was optional.

Mr and Mrs S have said they applied for the mortgage by completing a form which they then took to a meeting with a Lloyds’ representative. Lloyds doesn’t have a record of how the sale took place. And also hasn’t been able to provide any documents from the time of sale so I don’t have a copy of the application form Mr and Mrs S saw or signed. This isn’t surprising given the time that’s passed since then but this means where I don’t have all the paperwork which was completed at the time, I’ll decide what’s most likely to have happened.

Based on its knowledge of the policies sold at this time and to be fair to Mr and Mrs S, Lloyds has considered this complaint as a branch sale. This places more responsibility on Lloyds for how it sold PPI. I also think the sale took place in a branch.

While there is limited information, Mr and Mrs S have given us a copy of two letters they were sent about the mortgage from Lloyds. The letter from August 1994, lets Mr and Mrs S know the mortgage has been completed and provided details about it. This letter gave a breakdown of the mortgage amount and monthly payments. Along with the mortgage payment amount this showed ‘*mortgagesure payments: £18.90*’. In a section for ‘*mortgagesure cover*’ this showed Mr S was covered, the amount of cover, the monthly premium amount and the start date of the cover. I’ve also seen a copy of the mortgage offer which also mentions the “mortgagesure policy”.

If the PPI had been added without Mr and Mrs S knowing, even if they thought it was required, I think it likely they would've questioned this with Lloyds if they didn't know what this was or want it. I've seen no evidence that Mr and Mrs S did question this.

From the information given to us, I've not seen anything which shows the PPI was a requirement of the mortgage Mr and Mrs S took. So, on balance, I think it's more likely that Mr and Mrs S knew the policy was optional and they agreed to buy it, knowing they could refuse if they didn't want it, even if they don't remember that now. And, as this did happen such a long time ago, I have to take into consideration that Mr and Mrs S's recollection of events may have been affected, which is understandable. But I haven't seen enough persuasive evidence to make me think that they were unaware they had bought the policy or that they only took it out because they had to.

Mr and Mrs S say Lloyds didn't recommend the PPI to them. Lloyds doesn't have any record but it says to be fair to Mr and Mrs S it's considered the complaint sale as if it did recommend it. This means it should've taken reasonable steps to make sure the policy was right for Mr and Mrs S. So, I've decided to look at the complaint on the basis Lloyds did recommend the policy to them.

Because of how long ago the sale was, the policy documents that applied to Mr and Mrs S are no longer available. But Lloyds has provided me with the closest policy document available. So I've used this policy and my knowledge of PPI policies in general to assist me with deciding what Mr and Mrs S's policy is likely to have said. From looking at this and taking into account what I've seen of Mr S's circumstances at the time, it seems likely the PPI would've been right for him. I say this because:

- Mr S, who the policy insured, was eligible for the cover and I don't think he'd have been affected by any of the main things that might've made it difficult for him to make a successful claim, like an existing medical condition or unusual employment circumstances.
- Mr S was working when he took out the PPI. He's told us he would've received six months full pay from his employer if he was sick. But this policy would've paid a monthly benefit on top of Mr S's employer benefits and provided additional cover for a longer period of time - up to 12 months. As Mr and Mrs S were taking on a new financial commitment which was secured on their home, I think PPI would have given them security if Mr S was too ill to work or if he had an accident. So I think the PPI could've been useful to him.
- Mr S has told us he had around six months shared savings with Mrs S they could've used to help pay the mortgage if he couldn't work. But having this policy meant they didn't have to rely on their savings to cover the repayments and they could've used them for other uninsured expenses. So the policy would've helped to further protect their savings in the event ill health stopped Mr S working or he lost his job.
- Mr S's also told us he would've received at least three months' pay if he was made redundant. But this policy would've paid out in addition to any redundancy pay Mr S might've got and this would've meant they could've used his redundancy pay for other expenses.

- Mr and Mrs S have also told us they could've sold their second car if required. But having this policy would've meant they wouldn't have had to look to sell their vehicle.
- Nothing Mr and Mrs S have told us suggests the PPI was unaffordable to them or that they had a particular need to keep costs down.

As well as checking the cover was right for Mr and Mrs S, Lloyds also had to make sure it gave them enough information about the PPI to decide whether they wanted to buy it. It's possible the information Lloyds gave Mr and Mrs S about the PPI wasn't as clear as it should've been. But based on what I know about Mr S's circumstances and for the same reasons why I think this policy was suitable, I don't think clearer or better information would've stopped them from buying it.

I've taken into account all Mr and Mrs S's comments but these points don't change my conclusions that I don't think they've lost out as a result of anything Lloyds might've done wrong.

### **my final decision**

For the reasons set out above, I don't uphold Mr and Mrs S's complaint, so it follows that Lloyds Bank PLC don't need to pay any compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 18 January 2018.

Staci Rowland  
**ombudsman**