

complaint

Mrs L complains that Bank of Scotland plc (trading as Halifax) mis-sold her a payment protection insurance (PPI) policy.

background

Mrs L took out a PPI policy to protect her mortgage. It would've paid a monthly benefit for up to 12 months if Mrs L was too ill to work or became unemployed.

She says PPI was added without her consent and that she never wanted or needed it. As it was her first loan, she told us she assumed it was part of the mortgage process.

Our adjudicator didn't uphold her complaint. Mrs L disagreed with the adjudicator's opinion so the complaint has been passed to me to make a final 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 this case.

Mrs L took out her mortgage in 1989. Due to the passage of time Halifax couldn't confirm the exact date when she bought PPI. They were only able to narrow it down to sometime between 1989 and 1996 as this is when PPI for Mrs L is first recorded on their systems.

The sale happened many years ago, so it isn't surprising that Halifax couldn't provide many documents from the time of sale. And whilst I don't doubt that Mrs L's testimony reflects her honest recollections, I have to take into account that memories can and do fade after such a long time. So with the very limited information I have I can't fairly say that Halifax didn't give Mrs L a choice about PPI.

Halifax says it advised Mrs L to take out the policy, so it had to make sure it was suitable for her. Looking at what I know about Mrs L's circumstances between 1989 and 1996, I think it was. I say this because:

Mrs L would've been eligible for the policy.

She told us that in 2001 she was employed at the same company for 18 years, which means she started working for her employer in the early 1980s. So her employment details would've been the same between 1989 and 1996.

Halifax provided a document that shows Mrs L was asked at the time of sale if she had any existing medical conditions and she said she didn't. So I don't think it would've been difficult for her to make a claim on the policy as exclusions would've related to pre-existing medical conditions and unusual employment arrangements. So I think Mrs L would've benefitted from the whole range of the cover.

Mrs L says she would've received six months full sick pay from her employer. But the policy would've paid out in addition to her benefits and potentially for longer. And it would've paid out if she lost her job.

I don't know if Mrs L would've had any savings when she took the cover. But even if she did I don't think she could've safely relied on having these available over the whole term of her mortgage. And if she couldn't work, she might've needed to spend any available savings on other living expenses. So I think the policy offered useful benefits to Mrs L.

Halifax confirmed that the cost of the cover would've been around £5.90 per £100 of benefit in 1996. And from what we know about mortgage PPI premiums, I think if it was taken out before that it most likely wouldn't have been any more expensive than that. And I haven't seen anything that makes me think this wasn't affordable for Mrs L.

I don't know what information Mrs L received during the sale and how the policy's features were explained to her. It's possible that Halifax didn't give Mrs L all the right information at the right time. However, I don't think better information would've changed her decision to buy PPI. As I explained above the policy was suitable and it was offered at a competitive price.

Because I don't think more information would've changed Mrs L's decision, she hasn't lost out as a result of what Halifax might've done wrong.

my final decision

For the reasons I've explained I don't uphold Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 22 January 2016.

Nina Walter
ombudsman