complaint

Miss G has complained that Bank of Scotland plc trading as Halifax ("Bank of Scotland") mis-sold her a mortgage payment protection insurance ("MPPI") policy in 1998 when she applied for a mortgage.

background

One of our adjudicators looked at this complaint and thought that it shouldn't be upheld.

Miss G disagreed with the adjudicator's opinion, so the complaint has been passed to me to consider.

my findings

I've considered all the available evidence and arguments to decide what is 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.

I've decided not to uphold this complaint and I'll explain the reasons for this.

Firstly, I've looked at whether it was made clear to Miss G that the policy wasn't compulsory. I've looked at the paperwork from the time of the sale and the testimony of both parties to help me decide what's most likely to have happened.

Miss G applied for the mortgage at meeting. She told us she was given the impression she had to take out the MPPI to get the mortgage application approved. I can see that on the mortgage application form, there was a statement regarding the cover provided and a statement that Bank of Scotland was recommending the policy. This section of the form wasn't completed, but Miss G signed a separate MPPI application form to say that she wanted to take out the policy.

There's no way of knowing exactly what happened at the meeting, but the paperwork doesn't suggest that the policy was presented as compulsory. I've no doubt that Miss G has given us her honest recollection of what happened, but it would be surprising if anyone could remember precisely something that happened in 1998. Memories can fade over time and I must bear this risk in mind when deciding what's most likely to have happened. So on balance, I think it's most likely that Bank of Scotland made it clear that it wasn't mandatory and Miss G understood that she had a choice about whether or not to take out the policy.

Next I've looked at whether the policy was suitable for Miss G.

First of all, there were rules about who could qualify for the policy and based on the information that's been provided to us, it looks like Miss G met those rules. I've also checked the main exclusions and restrictions of the policy and it doesn't look like Miss G would've been caught out by any of them.

Miss G told us that she didn't need the MPPI policy, because she was entitled to sick pay from her employer. She was entitled to full pay for the first 6 months, and half pay for 6 months after that. She also told us she had no savings to call upon.

Overall, I don't think this is enough for me to say the MPPI wasn't suitable. If Miss G was too ill to work or was made unemployed, the policy would've covered the mortgage repayment for up to 12 months. It would have given her peace of mind and security at a difficult time. She would have been able to use her sick pay for other necessary household expenses.

Miss G told us that her family would have helped her. But this would have depended on their other commitments at the time, so wasn't guaranteed. So overall, I think that the policy was suitable for her. It also appears to have been affordable for her.

Finally, Bank of Scotland had to give Miss G information that was clear, fair and not misleading so she could make the decision for herself about whether or not to take the MPPI.

It's possible that Bank of Scotland didn't give Miss G clear enough information about the cost, benefits, main exclusions and restrictions of the policy. But for the reasons I've already explained above, I don't think that Miss G would has been affected by the main exclusions and restrictions. And the cost was comparable to the cost of other, similar policies available at the time. So on balance, I don't think having better information would have changed her decision. Overall I think it's most likely that she decided the MPPI was good value for her and I don't think having better information would have put her off taking it out.

my final decision

I know that my decision will come as a disappointment to Miss G, but for the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss G to accept or reject my decision before 19 February 2016.

Katrina Hyde
ombudsman