complaint

Mr and Mrs R complain that Lloyds Bank PLC (Lloyds) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs R took out a mortgage with Lloyds in 1994. At the same time they bought monthly premium PPI to cover their repayments if they'd been unable to work.

Mr and Mrs R say that they felt pressured into buying the policy. They are also concerned that they've been paying for something they couldn't have used. Lloyds says that Mr and Mrs R wanted PPI and that it was suitable for them.

The adjudicator didn't uphold Mr and Mrs R's complaint. Mr and Mrs R disagreed and so the case has come to me for 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 the 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 R's case.

I'm not upholding Mr and Mrs R's complaint.

The sale of the policy happened over 20 years ago. So I'm not surprised that Lloyds hasn't been able to give me all of the documents from the time of the sale. Or that Mr and Mrs R couldn't tell us in much detail about what happened.

Mr and Mrs R's say that they felt pressured to buy PPI. I accept that it's *possible* Lloyds gave them the impression that they had to buy PPI. But from what I've read I can't fairly conclude that Lloyds said that they had to have the policy. I think it's more likely that Lloyds tried to sell PPI to Mr and Mrs R. But that's not the same as putting them under pressure to buy it.

Lloyds has given us a copy of Mr and Mrs R's mortgage application. I think this shows that there were detailed discussions between Lloyds and Mr and Mrs R about PPI. I say this because there was a separate section in the application which gave them a choice about whether to have the policy or not. I can see that they also answered questions about their employment situation and health. And they chose to have cover worth £200 per month each.

So on balance I think at the time Mr and Mrs R wanted PPI and agreed to buy the policy.

Lloyds said that it advised Mr and Mrs R to buy PPI. This means that it needed to take reasonable steps to make sure that the policy was right for them. I've thought about the sort of policy benefits they are likely to have had, the cost of cover and the overall financial circumstances of Mr and Mrs R from the time of the sale. I think it's important to note that:

– Mr and Mrs R would've been eligible for the policy.

- I know that a concern Mr and Mrs R had was that they wouldn't be able to use the policy because they thought Mr R was self-employed at the time and some policies made it difficult for people in these circumstances to make claims. But when I read their mortgage application I noticed that at the time Mr R was employed as a vegetable picker and had been for two years. And the section on self-employment was blank.
- I do understand that it's easy to forget exact dates for jobs from so long ago. But this means Mr R wouldn't have been caught by any terms that related to self-employment.
- Mr and Mrs R wouldn't have been affected by the main exclusions or limitations in the policy, such as those for existing medical conditions.
- Mrs R told us that she didn't have any cover from her employer if she'd been off work due to a sickness or accident. And even if I assume Mr R had some entitlement from his employer at the time, PPI would've paid out in addition to this and would've given them both cover for up to 12 months per successful claim. And they could've made multiple claims. So I think the policy would've given them peace of mind about meeting the repayments on their mortgage, which was a significant financial commitment.
- Mr and Mrs R also told us that they didn't have any savings or other insurance policies they could've used to meet their mortgage repayments if they'd been unable to work. So again the policy provided them with potentially useful benefits, for example if they'd lost their job.
- The PPI was competitively priced with the policy costing about £26 per month. This was for a potential monthly benefit of £400.
- At the time the policy seem to have been affordable. The PPI was paid for by a regular premium so there wouldn't have been interest charges. And the policy could've been cancelled without penalty.

So when I weigh everything up, I think that the policy was suitable for Mr and Mrs R.

Lloyds needed to make sure that Mr and Mrs R had enough information so that they could make a proper choice about if PPI was right for them. I don't know how much detail the adviser went into during the meeting with Mr and Mrs R or how things were explained. But even if there were problems with the information and advice that Lloyds gave to Mr and Mrs R, I don't think it would've made a difference to their decision. I think Mr and Mrs R would still have bought the policy. I say this for the reasons I've already given above.

So, I've decided that in this case Mr and Mrs R haven't lost out as a result of anything Lloyds might've done wrong.

my final decision

For the reasons set out above, I'm not upholding Mr and Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 2 November 2015.

Kevin Williamson
ombudsman