

complaint

Mrs M complains that Lloyds Bank plc (trading as TSB) mis-sold payment protection insurance (PPI) to her.

background

In 1997 Mrs M arranged to take a mortgage from Lloyds and at the same time was sold monthly premium PPI to protect payments on the mortgage. The mortgage ended in 2004. Mrs M told us initially that, when she took the mortgage, PPI was never discussed and she hadn't agreed to have it. She thought PPI wasn't an option for her as she was self-employed.

Our adjudicator recommended that the complaint was not upheld. Mrs M disagreed so it 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 considering Mrs M's case.

I have thought carefully about Mrs M's account of how she gave details for her mortgage application on the phone to a member of bank staff who was a friend of hers. Then when it was approved her friend brought just the signature page for her to sign. First I have to say it would have been unwise just to sign a signature page without reading the rest of an important document. But second I have seen a copy of Mrs M's mortgage application and her mortgage offer (made about a month later): she has signed *both* of these. So I think, understandably, when this all took place so long ago, Mrs M's recollection of events is not entirely full or clear.

The mortgage application contains a section about applying for TSB MortgageSure (what this particular PPI policy was called). Although the copy isn't entirely clear, I can see that a box been ticked to say Mrs M wanted the PPI and another box to decline it has been left empty. Also answers have also been entered to various questions about her eligibility for the PPI. I can't see that that could have been done without some discussion with Mrs M about PPI. And the mortgage offer contains details of insurances Mrs M had taken. That refers clearly to the MortgageSure PPI, giving the monthly cost of that. If Mrs M hadn't already known about the PPI and agreed to take it, I might have expected her to query that then.

So, taking those documents into account along with Mrs M's account of events, overall I think that at the time, PPI must have been discussed to some extent with Mrs M. I think she agreed to take it, knowing it was optional.

Lloyds says that it recommended the PPI to Mrs M, which means that it should have checked whether it was suitable for her. Lloyds hasn't been able to provide a copy of the particular policy which Mrs M would have had in 1997. That is understandable when that was 20 years ago. But it has provided a copy of the closest one to that date, from 1998. The terms were likely to have been similar the previous year. In cases like this, where the evidence is incomplete or contradictory, I have to make my decision on the balance of probabilities – that is, to decide what is most likely to be the case. So I have based my decision on the terms in the 1998 policy.

Using that, I think that the policy sold to Mrs M was suitable for her:

- From what I know of her circumstances Mrs M was eligible for the policy. Some PPI policies weren't really suitable for self-employed people. But this one was. The policy is clear that self-employed people are eligible for cover;
- Mrs M wasn't affected by any terms in the policy (such as those about existing medical conditions) which might make it particularly difficult for some people to make a successful claim;
- Being self-employed Mrs M wasn't eligible for sickness benefits from her work or redundancy pay if she had to close her business. Although she told us she didn't have any savings, her mortgage application suggests she did have some. But not enough to cover her for long enough she wasn't able to work. Whereas if necessary the PPI would have covered her mortgage costs for up to 12 months of sickness or unemployment.
- A mortgage is a big commitment with the risk of losing your home if you don't keep up repayments, and substantial repayments each month if your income drops. In Mrs M's situation I think the PPI could have been very useful if she wasn't able to work for a period.

Mrs M has emphasised that the PPI hadn't been explained to her. I can't be sure exactly what she was told. And although she was told the monthly cost when offered the mortgage, I don't know if she knew the price when she first agreed to take the PPI. But it was a reasonable cost for the benefits it offered. And when I think Mrs M chose to the policy and it was suitable for her, I don't think it is likely that she would have made a different decision and not taken the PPI if it had been explained better. When I don't think she has lost out because of anything Lloyds did wrong, I don't have grounds to uphold her complaint.

Mrs M mentioned in her original complaint to us that she had had compensation from Lloyds for two other PPI policies. However each complaint has to be considered on its own merits. A large number of factors affect the decision: those include the details of different policies sold by different businesses or by the same business for different products (eg credit cards or loans or mortgages) and the different sales documentation and processes in use by the businesses for each of those at different times. So, even if your circumstances don't change, having one complaint upheld (even against the same business) is no indication that another should be. So the fact that other PPI complaints from Mrs M may have been upheld doesn't change my view.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 19 October 2017.

Hilary Bainbridge
ombudsman