

## **complaint**

Mr and Mrs O say Lloyds Bank PLC trading as 'Lloyds TSB' ("Lloyds") mis-sold them a mortgage payment protection insurance ("MPPI") policy.

## **background**

This complaint is about a monthly premium MPPI policy taken out with a mortgage in 1994. In 1998 Mr and Mrs O took out a further advance on their mortgage and it is likely that at this time the policy was amended to cover the additional lending. The policy provided cover for Mr O only in the event that he stopped working due to accident, sickness or unemployment.

Our adjudicator didn't uphold the complaint. Mr and Mrs O 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 O's case.

I've decided not to uphold Mr and Mrs O's complaint.

Mr and Mrs O have told us that when they applied for their mortgage with Lloyds in 1994 they were led to believe that they had to take the MPPI policy in order to secure their mortgage.

Lloyds have told us that taking MPPI was never a condition of getting a mortgage with them and that the policy would have been presented as optional to Mr and Mrs O at the time of sale. It has confirmed that due to the passage of time it has limited paperwork relating to the sale and has been unable to provide us with copies of Mr and Mrs O's application forms for the mortgage or the MPPI policy.

At the outset, I should say that I don't doubt Mr and Mrs O have provided their honest recollections of their interactions with Lloyds but I'm mindful that memories can fade over time. And at times there is a conflict between what the bank and what Mr and Mrs O say, or the evidence is unclear. In those situations, I have to look at what is available and the surrounding circumstances to help me decide what is more likely to have happened.

Mr and Mrs O have told us they were misled into taking out the MPPI policy. This would have been a very serious failing on the part of Lloyds. For me to uphold Mr and Mrs O's complaint on this point I would have to find that it's *more* likely than not that Lloyds acted in this way. I've looked very carefully at all the available evidence. But having done so, I don't think it's likely that Lloyds set out to deceive Mr and Mrs O into taking out the MPPI policy. I say this because while I don't know what was said to Mr and Mrs O before they agreed to take out the policy I do know that Lloyds offered mortgages to its customers with and without MPPI policies at the time of sale. So I think it's more likely they were given a choice at the time and they agreed to the policy because they thought it might be useful if Mr O had ever had to stop work due to accident sickness or unemployment. But I can understand why, after all these years Mr and Mrs O don't recollect this.

While it would have been useful to see the paperwork that Mr and Mrs O filled out at the time of the sale, I don't think that the absence of a signed form means that the policy was presented as compulsory or that Mr and Mrs O weren't given a choice. I'm also mindful that Mr and Mrs O's mortgage and MPPI policy were applied for almost 22 years ago. So even if Mr and Mrs O did sign a separate form for the MPPI at the time, it's not unreasonable for Lloyds to no longer have a copy of it.

Lloyds has told us it recommended the MPPI to Mr and Mrs O so it had to take reasonable steps to make sure the policy was suitable for Mr O, as it provided him with sole cover. And I think it was suitable for Mr O based on what I've seen of his circumstances at the time.

Mr O has told us that he would have received some employee benefits and had some savings and family support available to him at the time had he had to stop working for any reason. However, I still think the policy could have been potentially useful to him had he ever needed to claim against it. I say this because the MPPI policy would have paid out alongside anything Mr O already had in place and potentially for longer. So I don't think the fact that Mr O had some existing cover in place made the policy unsuitable for him or that Lloyds were wrong to recommend it to Mr and Mrs O.

I don't know what information Lloyds gave Mr and Mrs O about the cost of the policy. But even if it didn't present the costs clearly enough, I think Mr and Mrs O would still have bought it, as the policy offered reasonable benefits for a competitive price and I have no reason to believe the premiums would've been unaffordable for them.

It's also possible Lloyds didn't point out the main things the policy didn't cover. But from what I know about Mr O's circumstances he would not have been negatively affected by any of these.

I want to reassure Mr and Mrs O that I've looked at all the information I have about their complaint. And I've thought about everything they have said. But having done so I don't think Lloyds mis-sold the MPPI policy to them. So I don't think it owes them any money.

### **my final decision**

For the reasons set out above, I don't uphold Mr and Mrs O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs O to accept or reject my decision before 9 May 2016.

Karen Hanlon  
**ombudsman**