complaint

Mr T complains that Bank of Scotland plc, trading as "Halifax" mis-sold him a mortgage payment protection insurance ("MPPI") policy in 1994.

He feels he was made to take it to secure the mortgage.

background

Our adjudicator explained why she did not think that the complaint should be upheld. Mr T did not agree with this view and so it falls to me to make a decision on this case.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We have set out our general approach to complaints about the sale of payment protection insurance on our website and I have taken this into account in deciding Mr T's case

Having considered this case with care, I have decided that the complaint should not be upheld. I have explained my reasons below.

Because this sale took place so long ago, Halifax has not been able to provide any paperwork from the actual sale. Clearly I cannot know what was said to Mr T at the time, and so I am making this decision based on the 'balance of probabilities', in other words, what is *most likely* to have happened in this sale.

Mr T has told us that the policy was sold to him during a meeting in the estate agent's office. Both he and Halifax agree that the policy was recommended to him. That means that Halifax had a duty to make sure that the policy was suitable for Mr T's situation.

Mr T has told us that he was told that, because of his job, he should take the MPPI to ensure he was granted the mortgage. He says he would not have taken it – and spent so much money on it – if he had known it was optional.

I have not been provided with a copy of the actual policy document that applied to Mr T. But, with my knowledge of such policies I think it is unlikely that Mr T would have been disadvantaged by the conditions or limitations of the policy he bought. He has told us that he was in good health and regular employment. From the information he has given us, I think that Mr T would have been able to make a successful claim on the policy if he had needed to. So from that point of view, I do not think Halifax's recommendation was unsuitable.

I have then considered the cost of the policy. I understand that it would have cost £17.25 per month and that Mr T would have been able to claim around £250 per month in benefit for up to 12 months. Mr T was taking on quite a large financial liability in the form of his first mortgage to buy a home and has told us that he did not have any savings or other illness-cover to call on. So I think that insurance to protect his repayments appears to have been a sensible precaution.

Mr T has told us that he would have received help from friends or family if he had been in financial difficulty. But while I don't doubt that they would have wished to support him, it is not a source of funding that can always be relied on as time and circumstances change. I know that Mr T thinks he was ‘talked into’ taking the policy but insurance to protect his mortgage repayments seems to me to have been quite a sensible precaution.

I realise that this will disappoint Mr T, but I cannot safely decide that he didn’t know he had a choice about buying the cover. I think it is just as likely that Mr T was told that he *should* buy the cover to protect his mortgage as that he *had* to.

Overall, I think that the policy that Halifax recommended to Mr T was suitable for his situation. I have seen nothing that makes me think that he would have decided not to buy the cover if he had been given more, or better, information about it.

While Mr T says that the money that he spent on the policy was wasted, I think that is something he can only say with hindsight. The nature of insurance is that you hope never to have claim on it, meaning the money you spent could have been used in other ways. But policies like this are designed to offer protection in financially difficult times. In that sense, and given Mr T’s circumstances at the time, the money spent on the MPPI could be viewed as a sensible precaution.

I appreciate that my decision will be a disappointment to Mr T, but I do not find that the policy was mis-sold to him.

my final decision

For the reasons I have set out above, I do not uphold this complaint. I make no award against Bank of Scotland plc, trading as “Halifax”.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 5 February 2016.

Roxy Boyce
ombudsman