

complaint

Mr E complains that Lloyds Bank plc (trading as TSB) mis-sold payment protection insurance (PPI) to him.

background

In 1996 Mr E arranged to take a mortgage from Lloyds and at the same time was sold PPI to protect his repayments on the mortgage. The mortgage and PPI ended in 2000. Mr E told us that he didn't remember PPI being mentioned when he arranged his mortgage in a meeting at the bank. He said that if he'd been given an option he would have chosen not to take the PPI, as he could have covered monthly payments himself.

Our adjudicator recommended that the complaint was not upheld. Mr E disagreed so the complaint has been passed to me for review and 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 Mr E's case.

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 have happened.

I have seen a copy of the mortgage application which Mr E signed. Although it is an extremely poor copy, I can see that it seems to be the same type of application form I have seen before – which did contain a section offering applicants a clear choice about whether or not they wanted PPI. Mr E's form isn't clear enough to know what entry was made about that. But I do think it means that PPI would have been mentioned to him – though probably as "MortgageSure" (the name of the particular policy) rather than PPI which is just a more general term used now. And I have also seen the mortgage offer sent to Mr E, which showed very clearly that Mr E was taking "MortgageSure" and how much extra that would cost each month. I appreciate that Mr E is giving us his best recollection of events back in 1996, but when it is more than 20 years ago I couldn't expect that he would remember all the details of the meeting. While obviously I can't be sure what was said to him, the details on the forms make me think it is likely that PPI was discussed, and Mr E agreed to take it at the time, knowing it was optional.

Lloyds accepts that it probably advised Mr E to take the PPI policy. So it needed to check whether it was suitable for him. The actual policy from 1996 is no longer available, so the best I can do is to base my consideration on the oldest version available – from 1998. From that and what I know of Mr E's circumstances, I think the PPI was suitable.

- Mr E was eligible for the policy.
- He wasn't affected by any of the restrictions in the policy (such as those about existing medical conditions) which might make it more difficult for some people to make a successful claim.

- I think the PPI could have been useful. Mr E says he would have got six months of sick pay from work and says that he also had six months' worth of savings. But, given his length of employment, he wouldn't have been entitled too much redundancy pay if he lost his job. Whereas the PPI would have paid out on top of any benefits from work for sickness or compulsory redundancy and would have paid out for up to 12 months per claim if necessary.
- Mortgage PPI often is suitable for people in Mr E's situation with some savings and more work benefits. A mortgage is a big commitment with substantial repayments to find each month, and the risk of losing your home if you can't keep up. So mortgage PPI can offer increased security.

I don't know what Lloyds told Mr E about the PPI or what other information it gave him in the meeting. So it's possible Lloyds didn't give him enough information about the policy. But as I've explained, I don't think the PPI was unsuitable, and I think Mr E chose to take it. Overall I think that it's unlikely that clearer information would have put him off taking out the PPI. That's because I think it's likely he would have decided the PPI provided valuable cover at a reasonable cost.

This means that Mr E isn't worse off as a result of anything Lloyds did wrong when it sold the PPI. So there's nothing it needs to do to put things right.

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 Mr E to accept or reject my decision before 21 June 2018.

Hilary Bainbridge
ombudsman