

complaint

Mr and Mrs K say Lloyds Bank Plc trading as TSB (“Lloyds”) mis-sold them a mortgage payment protection insurance (MPPI) policy.

background

Mr and Mrs K took out the MPPI policy with their mortgage in 1997 during a meeting in branch. They paid a monthly amount for the policy and it covered Mr K only. The mortgage ended in 2004.

Our adjudicator didn’t uphold the complaint. Mr and Mrs K 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 K’s case.

I’ve decided not to uphold Mr and Mrs K’s complaint and I’ve set out my reasons below.

Mr and Mrs K said that they didn’t know they had PPI. But I see their Mortgage Application form included a separate section headed “Applying for TSB MortgageSure”, which explained a little about the PPI and shows a ‘yes’ and a ‘no’ box. The ‘yes’ box has been ticked and the rest of the section was filled in to confirm that Mr K only was to take out PPI and that he would take 100% of the benefit. This suggests to me that some discussion most likely took place, about the PPI and Mr and Mrs K’s circumstances, before this section was filled in. The Mortgage Application was signed by both Mr and Mrs K in April 1997. And the mortgage offer also included details about the cover and Mr and Mrs K signed that document as well. So, overall, I think Lloyds made Mr and Mrs K aware that they had a choice about buying the PPI, and that they chose to take it, even if they can’t remember that now.

Lloyds hasn’t been able to provide a copy of the original policy document which Mr and Mrs K would have received in 1997. I think this is understandable, as the sale took place so long ago. However, it has provided a copy of the closest one to that date, from 1998. I’ve taken this into account, as well as our knowledge of how similar policies were sold by Lloyds, to decide what is most likely to have happened.

Lloyds said it recommended the PPI to Mr and Mrs K, so it had to take reasonable steps to ensure the policy was suitable for them. I have looked at Mr and Mrs K’s circumstances at the time and I don’t think it was an unsuitable recommendation. I say this because:

- I think Mr K was likely to be eligible for the policy, and he wouldn’t have been affected by any of the main things that the policy likely didn’t cover, such as having a pre-existing medical condition. Mr K was self-employed at the time but the terms that most likely applied to him do not appear to have been more onerous than those that applied to an employed person.
- As a self-employed person, Mr K didn’t have sick pay or redundancy pay. So Mr and Mrs K would have had to rely on the modest savings that are shown on the

Mortgage Application. The PPI would likely have paid out for up to 12 months per successful claim if Mr K was unable to work due to accident, sickness or involuntary unemployment. On balance, I think it's likely that Mr and Mrs K had some need for the policy.

- The policy cost appears to have been comparable to other similar policies at the time and it appears to have been affordable (Mr and Mrs K afforded the policy for some time).

As well as checking the policy was right for Mr and Mrs K, Lloyds also had to give them clear enough information about the policy so they could decide if they wanted to buy it. It's possible the information Lloyds gave them was not as clear as it should've been. However, for the same reasons I think the policy was suitable, I'm not persuaded more information would have made a difference to their decision to take out the PPI.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs K to accept or reject my decision before 9 May 2018.

Douglas Sayers
ombudsman