

complaint

Mr and Mrs M have complained that Bank of Scotland plc trading as Halifax ("Bank of Scotland") mis-sold them a payment protection insurance ("PPI") policy when they took out a loan in 2003. The policy was set up to cover Mr M only.

background

One of our adjudicators looked at this complaint and thought that it shouldn't be upheld.

Mr and Mrs M disagreed with the adjudicator's opinion, so the complaint has been passed to me to consider.

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 this case.

I've decided not to uphold this complaint and I'll explain the reasons for this.

Firstly, I've looked at whether Bank of Scotland properly obtained agreement from Mr and Mrs M and whether it made it clear to them that the policy was optional. I've looked at the paperwork from the time of the sale and the testimony of both parties to help me decide what's most likely to have happened.

Mr and Mrs M told us that the adviser pushed the PPI on them. Mr and Mrs M also provided us with a newspaper article about PPI mis-selling.

This sale took place at a meeting in a branch. Bank of Scotland has been able to provide us with a copy of the loan agreement form. I can see that on the loan agreement form, there was a section about the PPI policy. It stated:

"Do you want Personal Loan Repayments Insurance? If so, you must pay the monthly premium of £22.45"

Next to this were 2 boxes, one for yes and the other for no. The yes box was marked with a cross. Close to this section, on the same page, Mr and Mrs M signed the agreement.

As Mr and Mrs M were entering into a serious financial commitment, I think it's most likely they would have read this form before signing it. I've considered the possibility that the adviser misled them in this sale and pressured them into taking out the PPI. But having considered it, I'm satisfied that the form doesn't suggest that the PPI was mandatory. So on balance, I think it's most likely that Bank of Scotland made it clear to them that they had a choice about whether or not to take out the policy.

Next I've looked at whether the policy was suitable for Mr M. First of all, there were rules about who could qualify for the policy and based on the information that's been provided to us, it looks like Mr M met those rules. I've also checked the main exclusions and restrictions of the policy and it doesn't look like Mr M would've been caught out by any of them.

Mr and Mrs M told us that Mr M was entitled to statutory sick pay and had savings to call upon in the amount of up to 3 months' worth of their income.

Mr and Mrs M complained to us that the adviser told them the PPI would be a useful safeguard for them. But in my view this wasn't an incorrect to tell them, for the following reasons. If Mr M was made unemployed, the policy would've covered the loan repayment for up to 12 months. If he was too ill to work, the policy would've covered the loan repayment for up to 5 years. This would have allowed them to use any income earned by Mrs M for other, necessary household expenses. And it would have allowed them to protect their savings. So I think this would have given Mr and Mrs M peace of mind and security at a difficult time. Overall, I think that the policy was suitable for them. It also appears to have been affordable for them.

Finally, Bank of Scotland had to give Mr and Mrs M information that was clear, fair and not misleading so they could make the decision for themselves about whether or not to take the PPI.

I've considered the possibility that Bank of Scotland didn't give Mr and Mrs M clear enough information about the cost, benefits, main exclusions and restrictions of the policy. But for the reasons I've already explained above, I don't think that Mr M would have been affected by the main exclusions and restrictions and I think the PPI would have been useful for them. And the cost was comparable to the cost of other similar policies available. So on balance, I don't think having better information would have changed their decision or would have put them off taking it out.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 15 February 2016.

Katrina Hyde
ombudsman