

## **complaint**

Mr M complains that Lloyds Bank PLC (trading at the time as TSB) mis-sold him a payment protection insurance (PPI) policy.

## **background**

This complaint is about a monthly premium PPI policy taken out with a mortgage in 1996. The policy was in Mr M's name only. The mortgage that it related to was in the name of Mr M and his late wife, Mrs M. The policy would have paid Mr and Mrs M's monthly mortgage payments if Mr M had been off sick, or if he'd lost his job.

Our adjudicator didn't uphold the complaint. Mr M 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 M's case.

Where the evidence is incomplete or inconclusive I need to decide what I think's most likely to have happened, based on the information I have.

I've decided not to uphold Mr M's complaint. I'll explain why.

- I've seen a copy of Mr and Mrs M's mortgage application. It includes a section on PPI (referred to in the application as "MortgageSure"). The copy is of poor quality, but I've compared it with a sample of the section on the mortgage application form that was in use at the time. I'm satisfied that it's in the same format. It asks whether the applicant needs cover against accident, sickness and involuntary unemployment. There are equally prominent "Yes" and "No" boxes, and the "Yes" box is ticked on Mr and Mrs M's application.
- I can't know what Lloyds' adviser said to Mr and Mrs M when they applied for the PPI. And I acknowledge that Mr M says that he was told the PPI was compulsory. But I think it's clear from the way that PPI was referred to on the application form that it was optional. And I'm satisfied, on balance, that Mr M decided to take it, knowing that he had a choice – although I can understand why he may not longer remember this, so many years later.
- Lloyds recommended the PPI to Mr M. This means it had a responsibility to check that the cover was suitable. But it doesn't look as if it was unsuitable, based on what I've seen of Mr and Mrs M's circumstances at the time. Mr M's told us that he'd have been entitled to six months' full sick pay from his employer at the time. But it's likely that the policy would have covered Mr and Mrs M's monthly mortgage repayments for up to 12 months per successful claim for accident, sickness or unemployment. And it would have paid out in addition to any payments Mr M received from his employer. So Mr and Mrs M could have used those to meet other day-to-day living expenses. And they wouldn't have had to use their savings to make their mortgage repayments. So I think the policy could have been useful for them.

- The cost of the policy was shown clearly on the mortgage offer. So I think Mr and Mrs M would have understood how much it would cost.
- It's possible Lloyds didn't point out the main things the policy didn't cover (for example, unusual employment situations, or pre-existing medical conditions). But based on what Mr M's told us about his circumstances at the time, it's unlikely he'd have been affected by any of these. So taking everything into account, I'm not convinced that better information about the policy would have put Mr M off taking it out.

I've taken into account Mr M's comments, including what he's said about the fact that he made an unsuccessful claim on the policy for a period when Mrs M was ill. He says he wouldn't have tried to make the claim if they'd been properly informed when the policy was sold that it only covered him. So he thinks this suggests that the policy was mis-sold.

I've thought carefully about what Mr M's said. I can see that immediately after the options to take or decline PPI on the mortgage application form, there's a section with some questions to check the applicant's eligibility for PPI. And there's a box to specify what proportion of the PPI cover each applicant would like. Details are completed for Mr M, but not for Mrs M. And "100%" is written in the box in the section with Mr M's details. I think it's likely that Mr and Mrs M's requirements for PPI were discussed during the meeting. And as they signed the mortgage application, it's likely that it reflected what had been discussed. The mortgage offer also clearly shows Mr M as the person insured under the PPI, with 100% of the benefit.

So taking everything into account, I think it would have been clear to Mr and Mrs M when they took out the mortgage and PPI that the policy only covered Mr M – even if he's understandably forgotten that now. And the fact that Mr M made an unsuccessful claim to cover Mrs M's sickness doesn't change my view. I'm sorry to disappoint Mr M, but I don't find that the policy was mis-sold.

### **my final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 March 2019.

Juliet Collins  
**ombudsman**