

complaint

Mr and Mrs W have complained that they were mis-sold a payment protection insurance ("PPI") policy taken out to protect a mortgage with Bank of Scotland Plc, trading as Halifax.

background

Mr and Mrs W took out a mortgage with Halifax in 1999, borrowing £52,725 over 25 years. Alongside it they took out a PPI policy to protect their mortgage repayments. The policy paid out if either Mr or Mrs W were unable to work due to accident, sickness or unemployment for up to 24 months in any one claim. The mortgage and PPI ended in 2003.

Mr and Mrs W have said they weren't aware that they had been sold PPI and they thought it had been added without their agreement. They also said they had sufficient other ways to make their loan repayments, so they didn't need PPI.

Our adjudicator didn't think Mr and Mrs W's complaint about PPI should be upheld, but Mr and Mrs W disagreed. So the complaint has been passed to me for a 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 deciding Mr and Mrs W's complaint. Having done so, I'm not going to uphold it, but I'll explain why.

did Mr and Mrs W have a fair choice to take out PPI?

Mr and Mrs W have said they applied for their mortgage using a third party mortgage adviser and PPI wasn't mentioned. I've seen the application form that was filled out. On it there is a section dealing with PPI where Mr and Mrs W were asked questions about their circumstances. But I can't see that they were actually offered any PPI at that time. Instead I can see it's written '*Please Quote*'. So I think it was for Halifax to then offer PPI at a later stage.

Halifax has provided us some quotes for PPI that were sent out to Mr and Mrs W for PPI. I can see that these quotes were sent out after the date of the mortgage application. And I can see that these quotes set out the cost and benefits of PPI and it was something that had to be applied for separately to the mortgage. So I think Mr and Mrs W were given a choice whether or not to take it out.

On balance I think the PPI was discussed and presented as optional. And I think Mr and Mrs W chose to take it out. I know this doesn't fit with what they have said but I'm not surprised if their recollections aren't clear as they took out PPI almost twenty years ago and memories naturally fade with time.

were the PPI policies suitable for Mr and Mrs W?

Halifax has said that it advised Mr and Mrs W to take out PPI, so it had to make sure the policies were suitable for their needs. I think that the recommendation was suitable for the following reasons:

- Mr and Mrs W were eligible for the PPI and don't seem to be affected by any of the exclusions in the policies.
- Mr and Mrs W have said they had some sick pay in place, Mr W of over twelve months and Mrs W of between three and six months. But the PPI could have paid out for longer and I think this could have been a benefit when their sick pay reduced or ended.
- Mr and Mrs W have said they had some savings, but from the mortgage application I think these would have been around £1,000 after they paid their deposit. But PPI would have paid out on top of any savings, so they could have been used for other living expenses at what could have been a difficult time.
- Mr and Mrs W have said they could have got help from their family if they needed it. I have no doubt that family members would want to help them, but I can't be sure funds would have been available when needed in the same way as PPI worked.
- Mr and Mrs W haven't said that they had any other ways they could have met the repayments, so I think PPI gave them valuable protection.
- It appears Mr and Mrs W could afford the policies at the time and I haven't seen anything showing that they had a need to keep their costs down.

were Mr and Mrs W given information that was clear, fair and not misleading?

Halifax had to give Mr and Mrs W enough information so that they could decide whether to take out the PPI. I've looked at the documentation that's been provided and I can't be certain they were given all the information that they needed. But I think that Mr and Mrs W would have bought the PPI even if they had all of the information when they signed up for it.

I say this as they weren't caught by any restrictions in the PPI policy and would have been eligible for the full benefits. As I've already found, the PPI policy was suitable and affordable for them and they chose to take it out. So I don't think that knowing more about the cost and benefit would have put Mr and Mrs W off taking it out.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs W's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 29 December 2018.

Mark Hutchings
ombudsman