

complaint

Mr and Mrs W complain that they were mis-sold payment protection insurance ("PPI") when they took out a mortgage with Bank of Scotland plc, then trading as Halifax.

background

Mr and Mrs W took out a mortgage with Halifax in 1998. At the same time they were sold a PPI policy which would've covered the repayments on their mortgage for up to 12 months at a time if Mr W couldn't work because of sickness or redundancy.

Mr and Mrs W say that the policy cost was just added to their mortgage payments. They say they weren't given any information and imply that the policy was added without their knowledge or permission.

The adjudicator didn't think Mr and Mrs W's complaint should be upheld. Mr and Mrs W disagree so their case has been passed to me to make 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 PPI on our website and I've taken this into account when deciding this case.

I'm not upholding Mr and Mrs W's complaint, which I know will be disappointing for them. I'll explain why.

Mr and Mrs W imply that they weren't given a choice about taking the policy. So I've had a look at the paperwork from the sale to see if there was any indication they had to have it. I don't think that there was.

On their mortgage application there was a separate section asking Mr and Mrs W if they wanted PPI. There was no indication that it was compulsory. There are two options Mr and Mrs W could've chosen from: *'Yes, I would like to take advantage of Mortgage Repayments Insurance,'* or *'No, I do not wish to take advantage of Mortgage Repayments Insurance.'* On Mr and Mrs W's form the box for 'yes' is ticked. And they've both signed right by this to show that they agree, as well as signing the whole form at the end.

Mr W then also completed a separate application form for the PPI, including a declaration relating to his eligibility for the policy. There isn't anything on this form which would suggest the cover was compulsory.

So I'm satisfied that Mr and Mrs W made an active choice to buy the policy. I don't think it was added to their mortgage without their knowledge. And I don't think they were misled into thinking it was compulsory.

I've looked at the rest of the sale to see if there was another reason why the policy was mis-sold. I don't think that there is.

Halifax advised Mr and Mrs W to buy the policy, which means Halifax had a duty to take reasonable steps to make sure the policy was suitable for them. Whilst I can see that some

questions were asked about Mr W's eligibility I can't see that any assessment was made of the policy's suitability. This doesn't mean that it didn't happen though. I've looked at Mr and Mrs W's circumstances at the time and I think that the policy was suitable for them. I say this because:

- Mr W was eligible for the policy and wouldn't have been affected by any of the conditions which might've made it difficult to claim, like a pre-existing medical condition or unusual employment circumstances;
- Mr W hasn't told us what his sick pay was at the time of sale. But looking at how long he'd worked there and the type of job he was in I think it's likely that he'd have got some contractual sick pay. The PPI would've covered his repayments for up to a year at a time and would've been paid in addition to any sick pay. So I think the policy offered a useful benefit;
- Mr W hadn't worked in his job for very long, so I think he wouldn't have been entitled to much, if any, redundancy pay. And he wouldn't have got any contractual redundancy pay if his firm became insolvent. So I think the policy offered a useful benefit if he was made redundant;
- Mr W was the main income earner and Mr and Mrs W didn't have any other means available to them. I think if Mr W had been unable to work that Mr and Mrs W would've quickly found it difficult to meet their repayments. The policy would've covered these;
- The policy was reasonably priced for the benefit it provided and it could've been cancelled at any time. And I haven't seen anything to suggest the premium made the mortgage unaffordable for them.

I don't know exactly what information would've been given to Mr and Mrs W at the time. I'm satisfied that there was a discussion about the cover but I don't know how the benefits and conditions would've been described. But if Mr and Mrs W didn't get all the information they needed at the time I don't think that would've made a difference to their decision to buy it. I think more information would've just shown them that the policy was suitable as I've described.

So I don't think Mr and Mrs W have lost out as a result of anything Halifax might've done wrong.

my final decision

I'm not upholding Mr and Mrs W's complaint so it follows that Bank of Scotland plc don't have to do anything else.

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

Sally Allbeury
ombudsman