

complaint

Mr and Mrs L say Bank of Scotland plc (trading as Halifax) mis-sold them a mortgage payment protection insurance (MPPI) policy.

background

This complaint is about a regular premium MPPI policy taken out with a mortgage in 2005. Mr and Mrs L applied for the MPPI in a branch. The policy covered Mrs L only.

I issued a provisional decision in August 2015 upholding this complaint. I upheld it because I didn't think Halifax clearly explained the policy's key features to Mr and Mrs L. Mrs L suffered from a medical condition when they took out the policy. And Mrs L wasn't able to claim off the policy if she was off work due to the condition or for something related to it. So I thought it was likely likely that this significantly reduced the number of situations when she could claim if she was off work sick.

I didn't think Mr and Mrs L would've taken out MPPI, given that Mrs L would've found it difficult to claim if she was off work sick. So I thought Mr and Mrs L have lost out because of what Halifax did wrong.

Mr and Mrs L didn't respond to my provisional decision. Halifax responded accepting it.

my findings

I've considered all the available evidence and arguments to decide what is 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 L's case.

As Halifax accepted my provisional decision and Mr and Mrs L haven't given me anything else to think about, I don't see any reason to reach a different conclusion. So I uphold this complaint for the reasons set out in my provisional decision.

what Halifax should do to put things right

Mr and Mrs L should be put back in the position they would have been in now they had taken out the mortgage without the MPPI policy. So Halifax should:

- Refund to Mr and Mrs L all the premiums they paid to the MPPI policy; and
- Pay Mr and Mrs L interest at 8% per year simple[†] on each premium from the date it was paid to the date compensation is paid.

[†] I understand Halifax is required to deduct basic rate tax from this part of the compensation. Whether Mr and Mrs L need to take any further action will depend on their financial circumstances. More information about the tax position can be found on our website.

Mr and Mrs L should refer back to Halifax if they are unsure of the approach it has taken and both parties should contact HM Revenue & Customs if they want to know more about the tax treatment of this portion of the compensation.

my final decision

For the reasons set out above, I uphold the complaint.

Bank of Scotland plc should pay Mr and Mrs L compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 13 November 2015.

Guy Mitchell
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