

complaint

Mr and Mrs B say Lloyds Bank PLC (Lloyds) mis-sold them a mortgage payment protection insurance (PPI) policy.

background

Mr and Mrs B took out a PPI policy with a mortgage in 1998. They paid a monthly amount for the policy. The PPI would've covered Mr and Mrs B for accident, sickness or if either of them lost their job. The benefit would've been split so that Mr B was covered for 70% of the monthly mortgage payment and Mrs B was covered for 30%.

Our adjudicator didn't think we should uphold the complaint. Mr and Mrs B 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 and Mrs B's case.

I've decided not to uphold Mr and Mrs B's complaint. I'll explain why.

Mr and Mrs B say they have no recollection of the sale of PPI or it being discussed when they took out their mortgage. Lloyds say it would've discussed the cover with Mr and Mrs B. Lloyds also say it would've got Mr and Mrs B's consent before adding the cover and made it clear to them the PPI was optional. Where there's a disagreement about what took place, I have to base my decision on what I think is most likely to have happened, taking into account all the evidence that is available.

Lloyds has given me a copy of the application form that was completed for Mr and Mrs B's mortgage. There's a section on the application for "*TSB MortgageSure*" – which is what Lloyds called PPI. The application asks Mr and Mrs B if they'd like PPI – there's then the option to tick a box to say "Yes" or "No" – in my view both of these options are equally prominent. I can see both Mr and Mrs B have ticked the "Yes" box, so I think this indicates they wanted it at the time.

The form then asks Mr and Mrs B a number of questions about their circumstances to check they were both eligible for the cover and there's the option to select the percentage of benefit each person wanted - in this case, 70% for Mr B and 30% for Mrs B. I've thought about this, and I think this was probably done after a discussion Mr and Mrs B had with a representative at Lloyds. I can't know exactly what was discussed in the meeting, but from looking at the information I have available, I think it's more likely Lloyds gave Mr and Mrs B a choice in buying PPI and I think they chose to take it.

Both parties agree that Lloyds recommended the PPI to Mr and Mrs B. So Lloyds needed to take reasonable steps to make sure the PPI was suitable for them – and I think it did based on what Mr and Mrs B have told me about their circumstances at the time.

Mr and Mrs B were eligible for the cover. And I don't think they'd have been affected by most of the things the policy didn't cover. Mr B told us he was working for a relative when he took out this PPI policy. Some PPI policies do make it more difficult for a person to claim if they're working for a family member. But I've checked the policy wording for Mr and Mrs B's PPI, and I don't think Mr B would've found it difficult to make a successful claim under the PPI because of this.

Mr B says he would've got some sick pay from his employer if he was unwell. And Mrs B wouldn't have been entitled to any sick pay. They've also said they would've had some savings they could've relied on to make repayments to the mortgage if they'd had to stop work unexpectedly. But this PPI policy would've paid out in addition to any sick pay or savings they might've had – and probably for longer. And given the serious consequences of them defaulting on a debt secured against their home, I think they could've found the policy useful should they have fallen on difficult times.

I think Lloyds could've explained the cost of the policy better than it did. But even if it had, I think Mr and Mrs B would still have bought it. I say this because to my knowledge, the cost was comparable to other policies available elsewhere. And I haven't seen anything that makes me think the cover was unaffordable to them – or that they had a particular need to keep costs down.

Lloyds also had to make sure it gave Mr and Mrs B enough information about the PPI so they could decide for themselves if they wanted to buy it. Because of the length of time that's passed since the sale, I don't know what information Lloyds gave Mr and Mrs B about the PPI. So it's possible that the information wasn't as clear as it should've been. But given what I've said about the PPI being suitable for them, I don't think better information would've stopped them from buying the cover.

I've taken into account Mr and Mrs B's comments, but these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B to accept or reject my decision before 25 October 2017.

Sophie Wilkinson
ombudsman