

complaint

Mr T has complained that Bank of Scotland plc trading as Halifax ("Bank of Scotland") mis-sold him a payment protection insurance ("PPI") policy when he took out a loan in 2004.

background

One of our adjudicators looked at this complaint and thought that it shouldn't be upheld.

Mr T disagreed with the adjudicator's opinion, so the complaint has been passed to me to consider.

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 this case.

I've decided not to uphold this complaint and I'll explain the reasons for this.

Firstly, I've looked at whether Bank of Scotland properly obtained agreement from Mr T and whether it made it clear to him that the policy was optional. When he made his complaint to us, Mr T told us that if he'd been given a choice he wouldn't have taken out the policy.

I've looked at the paperwork from the time of the sale and the testimony of both parties to help me decide what's most likely to have happened.

This sale took place at a meeting in a branch. Bank of Scotland has been able to provide us with a copy of the loan agreement form. I can see that on the form there was a section about the PPI policy. This said:

"Do you want Personal Loan Repayments Cover? If so, you must pay the monthly premium of £3.07"

Next to this were 2 boxes, one for yes and the other for no. The yes box was marked with a cross. Close to this section Mr T signed the agreement.

As Mr T was agreeing to a serious financial commitment, I think it's most likely he would have read this form before signing it. And I think that having done so he would have understood that he was agreeing to take out the PPI policy. In addition, I'm satisfied that the form didn't suggest that the PPI was compulsory. So on balance, I think it's most likely that Bank of Scotland properly obtained consent from Mr T and made it clear to him that he had a choice about whether or not to take out the policy.

Next I've looked at whether the policy was suitable for Mr T. First of all, there were rules about who could qualify for the policy and based on the information that's been provided to us, it looks like Mr T met those rules. I've also checked the main exclusions and restrictions of the policy and it doesn't look like Mr T would've been caught out by any of them.

Mr T told us that at the time of the sale he wasn't entitled to sick pay, and he had no savings to call upon.

If Mr T was made unemployed, the policy would've covered the loan repayment for up to 12 months. If he was too ill to work, the policy would've covered the loan repayment for up to 5 years. I think this would have given Mr T a valuable benefit at what would have been a difficult time. So overall, I think that the policy was suitable for him. It also appears to have been affordable for him.

Finally, Bank of Scotland had to give Mr T information that was clear, fair and not misleading so he could make the decision for himself about whether or not to take the PPI.

I've considered the possibility that Bank of Scotland could have given Mr T better and clearer information about the cost, benefits, main exclusions and restrictions of the policy. But for the reasons I've already explained above, I don't think that he would have been affected by the main exclusions and restrictions and I think the PPI would have been useful for him. And the cost was comparable to the cost of other, similar policies available at that time. So on balance, I don't think having better information would have changed his decision or would have put him off taking it out.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 February 2016.

Katrina Hyde
ombudsman