

complaint

Mr and Mrs C say Lloyds Bank plc mis-sold them a payment protection insurance (PPI) policy.

background

In 1998 Mr and Mrs C bought a PPI policy at the same time as they took out a mortgage in one of the bank's branches. The policy gave them protection against accident, sickness and unemployment. They paid a monthly amount for it.

Our adjudicator didn't uphold the complaint. Mr and Mrs C disagreed so the complaint was 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. Our general approach to complaints about PPI is on our website and I've followed it here.

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

- Mr and Mrs C say they weren't aware their mortgage included PPI. Mr and Mrs C's mortgage application form is difficult to read after all this time, but it is clear which boxes have been ticked. And as we have copies of other applications made at the same time I can know what the form said in the PPI section. It was headed *Applying for TSB MortgageSure*. It gave two options – a 'yes' to select and a 'no' to decline PPI. These were set out with equal prominence and they ticked the 'yes' box on their form. There were then some eligibility questions that Mr and Mrs C answered to confirm their circumstances at the time and they opted to split the cover 50:50.

So overall, I think Lloyds made Mr and Mrs C aware the PPI was optional and they chose to take it out.

- Lloyds recommended the PPI to Mr and Mrs C, and it seems to have been right for them based on what I've seen of their circumstances at the time. Mr and Mrs C have told us they weren't entitled to any sick pay and had no savings or other insurances. The PPI would've paid out for each successful accident, sickness and insurance claim for up to 12 months. Mr and Mrs C were borrowing quite a large sum of money, secured against their home. The impact of not being able to make their mortgage repayments would have been significant. So I think the PPI would have been useful for Mr and Mrs C if they were sick or lost their job(s).
- It's possible Lloyds didn't give Mr and Mrs C all the information they needed before they decided to buy PPI. I don't know when the cost was first made clear but the PPI was competitively priced and apparently affordable. And I don't know that it pointed out the main things the policy didn't cover. But Mr and Mrs C don't appear to have been affected by any of those things (such as the type of employment contract or any pre-existing medical conditions). So I don't think better information would've changed their decision.

I've also thought about whether Lloyds needs to give Mr and Mrs C some of the commission they paid back. The Supreme Court ruling and new rules and guidance don't apply to certain

types of mortgage agreement – including a ‘regulated mortgage’. As Mr and Mrs C’s mortgage became a regulated mortgage before 6 April 2008 they don’t apply. So Lloyds doesn’t need to refund any of the commission Mr and Mrs C paid for the PPI they had with that mortgage.

It follows I don’t think Mr and Mrs C have lost out because of any problems with the sale.

my final decision

My decision is I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs C to accept or reject my decision before 26 November 2018.

Rebecca Connelley
ombudsman