

complaint

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

background

In 1996 Mr and Mrs E took out a mortgage with Lloyds (which was trading as TSB at the time). At the same time, they took out a PPI policy to protect their monthly mortgage payments if either of them was unable to work due to accident, sickness or unemployment. Both the mortgage and the PPI were in Mr and Mrs E's joint names. The monthly benefit was split between Mr and Mrs E. So if either of them had made a successful claim on the policy it would have paid a portion of the monthly benefit. And it's likely that it would have done this for up to 12 months per successful claim.

Our adjudicator didn't uphold the complaint. Mr and Mrs E disagreed with the adjudicator's opinion so the complaint's 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 E's case.

Where the evidence is incomplete or inconclusive I need to decide what I think's most likely to have happened, based on the information I have.

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

- I've seen a copy of Mr and Mrs E's mortgage application. Although the copy is poor quality, I can see that it looks like the same type of application form that I've seen before, which did include clear, equally prominent options to take or decline "MortgageSure" (a form of PPI). And it looks as if the box was ticked to take PPI. I've also seen a copy of Mr and Mrs E's mortgage offer, which refers clearly to the PPI, and sets out how the benefit was to be divided between Mr and Mrs E, and what the monthly premium for the cover was. I think it would have been clear to Mr and Mrs E from the mortgage application that PPI was optional. So if they hadn't wanted the cover, I'd have expected them to query this on receipt of the mortgage offer. I haven't seen anything to suggest that they did so.
- Taking everything into account, I think Lloyds made Mr and Mrs E aware that the PPI was optional and that they chose to take it – although I can understand why they may no longer remember this, more than 20 years later.
- Lloyds recommended the PPI to Mr and Mrs E. This means that it had a responsibility to check that the policy was suitable for Mr and Mrs E. But it doesn't look as if it was unsuitable, based on what I've seen of their circumstances at the time.

- I've borne in mind that Mr and Mrs E have told us that Mr E was self-employed when they took the policy out. Lloyds hasn't been able to provide a copy of the policy document that was in use when Mr and Mrs E took out the policy. So I've considered the oldest available policy document, which is from 1998. I think it's likely that the terms and conditions of the policy were similar to the one sold to Mr and Mrs E. Some policies we've seen include provisions that make it more difficult for a self-employed person to claim. But I'm satisfied that this one didn't. So I don't think the fact that Mr E was self-employed made the policy unsuitable for him.
- Mrs E's told us she'd have been entitled to six months' full pay, followed by six months' half pay from her employer if she'd been off sick. But it's likely that the policy would have paid out for up to 12 months per successful claim. That's longer than Mrs E would have been entitled to full sick pay for. What's more, it would have paid out in addition to any payments Mrs E received from her employer. So she could have used those to meet other day-to-day expenses.
- Taking everything into account, I think the policy could have been useful for Mr and Mrs E. The mortgage was a long-term financial commitment, and their property would have been at risk if they didn't keep up with their mortgage payments.
- The cost of the policy was shown clearly on the mortgage offer. So I think Mr and Mrs E would have understood how much they'd need to pay for it. And as they were paying for the policy monthly, they could have cancelled it at any time if they no longer needed it.
- It's possible Lloyds didn't point out the main things the policy didn't cover. But based on what I've seen of their circumstances at the time, it's unlikely Mr and Mrs E would have been affected by any of these. So I don't think better information about the policy would have put them off taking it.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs E to accept or reject my decision before 14 September 2019.

Juliet Collins
ombudsman