

complaint

Mr and Mrs H complain that Clydesdale Bank PLC, trading as Yorkshire Bank, mis-sold a payment protection insurance (PPI) policy. The complaint is brought on their behalf by a claims management company.

background

This complaint is about a mortgage PPI policy taken out in 2000. The policy was taken out when Mr and Mrs H applied for their mortgage. Our adjudicator referred to this as a joint policy, but that policy was taken out at a later date and is the subject of a separate complaint. The policy taken out in 2000 was in Mr H's name only and provided him with cover for accident, sickness and unemployment.

Our adjudicator did not uphold the complaint. Mr and Mrs H 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. I have also taken account of the law and good industry practice at the time the PPI policy was sold.

I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints. And the main questions I need to consider are:

- If Yorkshire gave any advice or recommendation, did it make sure the product it recommended was suitable for Mr and Mrs H's needs?
- Did Yorkshire give Mr and Mrs H the information they needed to decide whether to take out the policy?

If there was a problem with the way the policy was sold then I need to consider whether Mr and Mrs H are worse off as a result. That is, would they have done something different – such as not taking out the policy – if there hadn't been any problems with the sale?

I have decided not to uphold Mr and Mrs H's complaint and I've set out my reason below.

There is nothing in the mortgage application paperwork to suggest the PPI *had* to be taken out in order for the mortgage application to be approved. Due to the time that has passed since the policy was taken out, there is limited paperwork available. But the copy of the mortgage application included clear "yes" and "no" tick boxes for PPI and there would have been a separate application form for the policy. Overall, I think the bank made Mr and Mrs H aware that the PPI was optional and Mr H chose to take it out.

Yorkshire advised Mr and Mrs H to take out the policy and it doesn't look like it was unsuitable for them based on what I've seen of their circumstances at the time. I say this because:

- Mr H was eligible for the policy given his circumstances and the PPI terms and conditions.
- Mr H says he would have had some work-related benefits and savings if he couldn't work due to sickness or an accident. The PPI would have paid out for 12 months in the event of sickness or an accident and, having considered his circumstances when he took out the PPI, I find it unlikely that he would have received sick pay for this length of time. So I think Mr H would have had some use for the policy. Mr H was the higher earner at the time, so it doesn't seem unsuitable that the policy was taken out in his name only.
- Mr H wasn't affected by any of the conditions limiting the policy's main benefits, such as those affecting self-employed people or people with pre-existing medical conditions. As he could have benefited from the full extent of the cover, I think it unlikely he needed better advice or information about the policy's exclusions and limitations.
- The paperwork from the point of sale is limited because it took place so long ago. It's likely that Yorkshire could have been clearer about how much the policy would cost each month (£16.00). But Mr H chose to take out the policy, knowing he would have to pay something for it. The policy was competitively priced, apparently affordable and the benefit appears to have been sufficient to cover the monthly mortgage repayments. So I think it unlikely Mr and Mrs H would have made a different decision even if the costs of the policy had been made clearer at the point of sale.

It's possible the information the bank gave Mr and Mrs H about the PPI wasn't as clear as it should have been. But Mr H chose to take out the policy and so appeared to have wanted this type of cover. As I've already said he wasn't affected by any of the exclusions or limitations and the policy seems to have been affordable, I think it unlikely Mr and Mrs H would have made a different decision if better information had been provided – overall, I think Mr H would still have taken out the policy.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 11 April 2016.

Elizabeth Dawes
ombudsman