

complaint

Mrs G complains that Lloyds Bank PLC (when it was trading as TSB) mis-sold her a payment protection insurance ("PPI") policy.

background

Mrs G took out PPI in 1998 when there was a transfer of equity into her sole name and she took over making the mortgage monthly repayments on her own. The policy covered her in the event of accident, sickness and unemployment.

Our adjudicator didn't uphold the complaint. Mrs G disagreed with the adjudicator's opinion.

Mrs G mainly feels the policy was mis-sold as she thought she wouldn't get a mortgage without it – even though she had good sick pay arrangements at work and some savings. She's asked for a review so this complaint comes to me to make a final decision.

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 Mrs G's complaint.

Lloyds couldn't provide any paperwork to show how Mrs G had taken out the policy. But this isn't a reason for me to uphold the complaint. It's not surprising, given how long ago this sale happened, that some paperwork isn't still available. I wouldn't reasonably expect the bank or Mrs G to have kept all of this.

I can't know exactly what was said when Mrs G arranged the PPI. It wouldn't be reasonable to expect her to recall exactly what was discussed at the time. This means that what Mrs G says now isn't enough on its own for me to be able to uphold her complaint.

Where there's only limited information and disagreement about what happened I have to look at everything and decide what I think is most likely. In order to uphold Mrs G's complaint I'd have to find that it's likely that she wasn't given a fair choice about PPI or that it was added to her account without her proper consent. But I can't fairly say this based on the limited information I've got.

Mrs G thinks she probably arranged her borrowing in one of the bank's branches. Lloyds says it would've recommended the policy to Mrs G.

Mrs G's mortgage had already been running for some years – without PPI. So I think it would've been clear to her that it was up to her to say if she wanted PPI or not.

I can see why Mrs G might've wanted PPI when she became responsible on her own for paying the mortgage, even if she hadn't had PPI before. Her mortgage was a significant financial commitment and her home could've been at risk if she wasn't able to make her mortgage monthly repayments in full and on time. So I can understand that protecting her repayments would've been an important consideration for her at the time.

On balance, I think it's more likely that Mrs G was persuaded of the need to protect her home by taking out the PPI offered and she chose to buy the policy.

It doesn't look as if PPI was unsuitable for Mrs G based on what she's told us about her circumstances at the time. I've taken into account that Mrs G could've relied on getting 6 months full pay followed by 6 months half pay if she was off work sick. But I can't reasonably say that she couldn't have benefitted from the PPI.

The policy would've covered her mortgage repayments (plus some extra if she had her buildings insurance arranged through the bank as well). It would've paid out on top of her work benefits for up to 12 months if Mrs G was too sick to return to work. It would've also paid out if she'd lost her job and was unemployed. So I think this could've been a useful benefit in what would've been difficult circumstances for Mrs G if she'd needed to make a claim.

I don't know if Mrs G would've always had savings she could rely on if she'd needed to make a claim. Having PPI would've meant she could keep her savings intact to spend on the things she was saving for or provide financial security for the future.

So, looking at her circumstances at the time, I think PPI was suitable and the policy could've been useful to Mrs G.

It's possible some of the information Lloyds gave Mrs G about the PPI wasn't as clear as it should've been. There were some things the policy didn't cover. But it doesn't look as if those applied in Mrs G's case. So, I don't think having more information about things the policy didn't cover would've affected her decision to take it out.

It appears that Mrs G chose to take out the policy and wanted this type of cover. Looking at the policy terms that I think would've applied, I can see that Mrs G was eligible for the policy. The policy seems to have been affordable for her.

Overall it's possible there may have been some failings in the way this policy was sold. But I think Mrs G still would've decided to buy the policy if she'd been better informed as the policy gave her worthwhile protection in her particular situation. I don't think better information would've stopped her buying it.

So I can't say that Mrs G has lost out as a result of anything that Lloyds might've done wrong. And this means it doesn't need to do anything to put things right.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 10 November 2018.

Susan Webb
ombudsman