

complaint

Mr B complains that Lloyds Bank PLC ('Lloyds') mis-sold payment protection insurance ('PPI') to him when he took a further advance to his mortgage in 2009.

background

When he took the further advance, Mr B said that Lloyds told him he had to take PPI if he wanted his mortgage to be approved. The original mortgage had been taken out in 2007 and Mr B didn't take PPI at that time.

Our adjudicator didn't think the complaint should be upheld. Mr B disagreed with that view and so the matter has been passed to me to make a final decision.

I asked our adjudicator to make some further enquiries because Mr B had given us different information about his sick pay entitlement. Through his representatives, he confirmed he would have received six months' full pay and six months' half pay if he became too ill to work.

my findings

I have considered all the available evidence and arguments to decide what is 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 B's case.

I haven't upheld Mr B's complaint and I'll explain why below.

It seems likely that the policy was sold to Mr B during a meeting he had with Lloyds. I can't know what was said during that meeting, so I've looked at the documentary evidence and what Mr B remembers from the sale to help me decide what's likely to have happened.

The first thing I've looked at is whether Lloyds made it clear to Mr B that he had a choice about whether to buy PPI and he didn't have to agree to it if he didn't want it. I can see that Mr B is clear that the adviser he spoke to told him he had to take the PPI if he wanted his mortgage to be agreed.

Whilst I don't doubt this is Mr B's honest recollection of what he was told during the meeting, it seems to me that the paperwork that he would have received on the same day made it clear that the policy was optional and that he didn't have to take it. It is possible for memories to fade over time and I think it would be unlikely for the adviser to tell him the PPI was a compulsory part of the package when the paperwork clearly said it was not. This is not a case where the optional nature of the policy was hidden among densely worded print. Also, I can see that when he took his original mortgage, Mr B did not buy PPI. This would indicate that he knew such a policy wasn't usually compulsory with Lloyds. So, whilst his recollection is different now, I think on balance that Mr B would have known he had a choice about the PPI at the time it was sold to him.

Lloyds told us they advised Mr B to take the PPI policy, whereas Mr B said they did not. I have proceeded on the basis that this was an advised sale because that is a more difficult test for Lloyds to satisfy. But it doesn't make a difference to the outcome of the complaint.

If Lloyds advised Mr B to take PPI, they had to make sure it was suitable for his needs. I can see that the policy would have offered Mr B benefits over and above that which he would

have received from his employer. For example, if he was too sick to work, this policy would have covered his payments for 12 months. Whereas he would have received full sick pay for six months. Also, from his PPI questionnaire, I can see that Mr B wouldn't have had any other means of making payments towards his mortgage if he couldn't work. So, I think that the policy would have provided a useful benefit for him.

I haven't seen anything unusual about Mr B's employment circumstances that would have prevented him from making a successful unemployment claim if he needed to. He seems to have been in relatively good health at the time he bought the policy and so I don't think he would have been caught by any of the exclusions relating to medical conditions. From the evidence I've seen, it doesn't look as though the policy would have been unaffordable for Mr B either. Overall, I think it generally was suitable for him.

Despite that, Lloyds still had to give Mr B enough information about the policy so he could make a decision about whether it was right for him. That information also had to be clear, fair and not misleading. Mr B said that Lloyds didn't make the cost of the PPI clear to him. I think the cost is clearly set out in the documents and it follows that it's likely the adviser Mr B spoke to would have made the cost similarly clear.

It is of course possible though that Lloyds didn't give Mr B all of the relevant information about the policy. In which case, the question for me is whether Mr B would have acted differently if he'd been given more or better information. I don't think he would have done. As I said above, I think the policy generally was suitable for him and it was reasonably priced. It was designed to protect his mortgage that was secured on his house. Mr B could have lost his home if he was unable to pay his mortgage because he was too sick to work or if he lost his job.

For the above reasons, I don't think this PPI policy was mis-sold and so Lloyds doesn't need to do anything more.

my final decision

I don't uphold Mr B's complaint and I don't require Lloyds Bank PLC to take any action to put things right.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 5 February 2016.

Nicola Bowes
ombudsman