

complaint

Mr and Mrs B say that Bank of Scotland plc (BoS) mis-sold them mortgage payment protection insurance (PPI).

background

Mr and Mrs B took out a mortgage with BoS in 2005. At the same time they bought monthly premium PPI to cover their repayments if they'd been unable to work. The benefits of the policy were split equally between them. They also bought critical illness and life cover but as the complaint was about PPI I haven't considered those policies.

Mr and Mrs B's main concern was that the policy wasn't right for them. They thought that because Mr B was self-employed he wouldn't have been able to make a claim on the policy for unemployment. BoS says that Mr and Mrs B wanted PPI and that it was suitable for them.

The adjudicator didn't uphold Mr and Mrs B's complaint. They disagreed and so the case has come to me for 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 the 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 B's case.

I'm not upholding Mr and Mrs B's complaint.

Although the sale of the policy happened over 10 years ago I'm disappointed that BoS couldn't give us more of the documents from the time of the sale to read. Mr and Mrs B also couldn't tell us in much detail about what happened.

The fact that Mr and Mrs B chose to buy PPI doesn't seem to be in dispute. And I think this is supported by the welcome letter sent to them in March 2005 which records their responses to a number of questions about their circumstances at the time, what cover they'd opted for and the cost of each element of the policy.

BoS said that it advised Mr and Mrs B to buy PPI. This means that it needed to take reasonable steps to make sure that the policy was right for them. I've thought about the policy benefits, the cost of cover and the overall financial circumstances of Mr and Mrs B from the time of the sale. I think it's important to note that:

- Mr and Mrs B were eligible for the policy.
- Mr and Mrs B wouldn't have been affected by the main exclusions or limitations in the policies, such as those for existing medical conditions.

- Mr and Mrs B were concerned that Mr B wouldn't have been able to make a claim because he was self-employed at the time of the sale. I've looked closely at the terms of the policy. And I can see that there were different rules for making an unemployment claim to those who were employed and got made redundant. One of them was that Mr B's business would need to have stopped trading, or been in the course of winding up. Although this rule is a bit different from those which applied to employed people, I don't think it made it any more difficult for Mr B to make a claim for unemployment. So I don't think that condition made the MPPI unsuitable for him.
- Mr B didn't have any sick pay entitlement. Mrs B had some benefits from her employer. But PPI would've paid out in addition to any money she would've received and would've given them both cover for up to 12 months per successful claim. And they could've made multiple claims. So I think the policy would've given Mr and Mrs B peace of mind about meeting the repayments on their mortgage, which was a significant financial commitment.
- PPI would've also have given Mr and Mrs B cover if they'd become unemployed. So the policy provided them with other potentially useful benefits.
- The PPI was competitively priced. At the time the policy seems to have been affordable. The PPI was paid for by a regular premium so the policy could've been cancelled without penalty.

So when I weigh everything up, I think that the policy was suitable for Mr and Mrs B.

BoS needed to make sure that Mr and Mrs B had enough information so that they could make a proper choice about if PPI was right for them. I don't know how much detail the adviser went into during the meeting with Mr and Mrs B or how things were explained.

But even if there were problems with the information and advice that BoS gave to Mr and Mrs B, I don't think it would've made a difference to their decision. I think Mr and Mrs B would still have bought the policy. I say this for the reasons I've already given above.

So, I've decided that in this case Mr and Mrs B haven't lost out as a result of anything BoS might've done wrong in relation to the sale of PPI.

In response to the adjudicator's view Mr and Mrs B say that they had to take a number of 'repayment holidays' due to periods of unemployment and that BoS didn't make them aware that they could've made a claim instead. I note that no claims could've been made for the first 30 days of unemployment, but if Mr and Mrs B believe that they should've been able to make a claim on the policy this is something that they should take up in the first instance with the insurer.

my final decision

For the reasons set out above, I'm not upholding Mr and Mrs B's complaint.

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

Kevin Williamson
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