

complaint

Miss M complains that Lloyds Bank PLC ('Lloyds') mis-sold payment protection insurance ('PPI') to her alongside a mortgage.

When Miss M took the mortgage out, Lloyds were trading as TSB. Again, to keep things simple, I'll refer to Lloyds for the rest of this decision.

background

I issued a provisional decision in this matter and I said I wasn't planning to uphold the complaint. I asked Miss M to send me any evidence she had that PPI was taken out before 1997. That provisional decision is attached and it forms part of my final decision.

Miss M sent me a number of mortgage statements. And I'm most grateful to her for the obvious time and effort that she's gone to in gathering those documents together. In her covering letter, Miss M was clear that she believed PPI had been added to her mortgage considerably before 1997.

We didn't receive a response from Lloyds.

my findings

I've reconsidered 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 that into account in deciding this case

Having done this, I haven't upheld the complaint. I'll explain why below.

I don't at all doubt that what Miss M told us is her honest recollection of what happened when PPI was sold and how her mortgage account was set up. I've looked carefully at the mortgage statements. I can see that Miss M paid for buildings insurance alongside her mortgage throughout the years. And she was paying for 'property insurance' in 1992. But those policies weren't PPI. I can't see any evidence of PPI until February 1997.

So while I appreciate the help Miss M has given me to decide the complaint, I'm afraid the information she's sent to us doesn't persuade me that I should depart from my provisional findings.

I'm very sorry to disappoint Miss M. But for the reasons given in my provisional decision, I don't uphold this complaint. And so I'm not going to ask Lloyds to take any further action to put things right.

my final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 1 March 2019.

Nicola Bowes
ombudsman

Copy of my provisional decision

complaint

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background

Our adjudicator didn't think the complaint should be upheld. Miss M disagreed with that view. She said she wasn't told the policy would only pay out for one year and that she had sick pay for that length of time. She also said she had proof that she'd been paying for PPI from before 1998.

As Miss M doesn't agree with our adjudicator, the matter has been passed to me to make a final decision.

my provisional 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 that into account in deciding this case.

Provisionally I haven't upheld this complaint. I'll explain why below.

The first thing I have to decide is when this policy was sold to Miss M. Lloyds' computer records seem to show that the policy was sold in February 1997. But Miss M is adamant that she bought the policy in 1992 at the same time her mortgage was originally taken out. To support that, Miss M sent to us a copy of her mortgage statement from April 1996 to April 1997. That document says that Miss M had PPI.

I don't think the statement Miss M sent necessarily shows that PPI was taken out before Lloyds says. I say this because Lloyds told us she'd taken the policy out in February 1997. And so PPI would be included on her mortgage statement from April 1996 to April 1997. Miss M has only sent one page of the document to us. And so I can only see the payments up to December 1996. I don't know whether there were any changes in February 1997 that would indicate she'd taken the policy out then.

But in any event, I don't think it would make a difference to my decision regardless of whether the policy was sold in 1992 or 1997. In coming to this provisional conclusion, I've assumed that Miss M worked in the same kind of role in both of those years and would have received the same level of sick pay.

I've thought about whether Miss M would have known the policy was optional and she didn't have to buy it if she didn't want it. In her PPI questionnaire, Miss M didn't say that she thought the policy was compulsory. I think Lloyds probably said it was a good idea that she take cover out, but I don't think that's the same as saying she had to buy PPI.

Also, if the cover was taken out in 1997, that would have been five years after the mortgage started. I think Miss M would have known it wasn't a condition of her borrowing. And I think she would have realised she didn't have to take it out.

Lloyds probably advised Miss M to buy the cover. So they had to make sure it was suitable for her needs. To help me decide whether it was suitable, I've looked at what Miss M told us about her personal circumstances. And I've also looked at what we understand the terms and conditions of the policy were likely to have been.

I think that if Miss M had been made redundant or become unwell, the policy would have covered her mortgage repayments for up to 12 months. Miss M told us that she didn't need the PPI because would have received sick pay from work for 12 months. It's not clear whether Miss M would have got full pay for that time or whether there would have been a period of half pay.

Even if I assume she could have received full pay for 12 months, I still think Miss M could have found the policy useful if she couldn't work. I say this because the mortgage was secured on her home and there was a great risk to it if she fell behind with her payments. I think that with PPI Miss M would have been able to use her sick pay towards her other essential expenditure at what would have no doubt been a very stressful time for her if she couldn't work.

When she took PPI out, I don't think Miss M would have been affected by any of the policy's exclusions about medical conditions. And I haven't seen anything unusual about her circumstances that would have stopped her from making a claim if she needed to. In or around 2000, I note that Miss

M did suffer an accident and she was off work. During this time, she was able to make a successful claim.

Overall, even taking account of her generous sick pay, I think this policy probably was suitable for Miss M at the time it was recommended by Lloyds.

Lloyds also had to give Miss M enough information about the PPI so she could decide for herself whether it was a good fit for her needs. That information had to be clear, fair and not misleading. I accept it's possible that Lloyds didn't tell Miss M everything it should have done about the policy. But as I said above, I think she might have found the PPI useful if she was out of work. And she probably chose to take it out at the time. I don't think more or better information about the insurance would have put Miss M off buying it.

Provisionally for the reasons I've set out above, I don't think this policy was mis-sold. And at this stage, I don't need to ask Lloyds to do anything more.

my provisional decision

Provisionally, I don't uphold this complaint.

I now invite all parties to submit any further evidence or comments they wish me to consider by 29 November 2018 after which I will issue a final decision. In particular, I invite Miss M to provide any further evidence or documents she has which shows she took the PPI policy out in 1992. When sending information, it would be helpful for documents to be sent in their entirety.

Nicola Bowes
ombudsman