

complaint

Mr S complains that Bank of Scotland plc (BoS), trading as Halifax, mis-sold him mortgage payment protection insurance (PPI).

background

Mr S took out a mortgage with BoS in 1995. At the same time he bought PPI to cover his repayments if he'd been unable to work due to disability or unemployment.

Mr S's representatives say, amongst other things, that BoS put him under pressure to buy PPI and that it didn't make it clear that the policy was optional. Mr S said that he couldn't remember the policy being explained to him. He vaguely recalls being told that if he bought the policy that would reflect well on his application for a mortgage. BoS says that Mr S wanted PPI and that the policy was suitable for him.

The adjudicator didn't uphold Mr S's complaint. Mr S 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 S's case.

I'm not upholding Mr S's complaint.

BoS hasn't been able to give us copies of important documents from the time of the sale. For example I don't have copies of the mortgage or PPI applications. And Mr S hasn't been able to give us a detailed account of how the sale happened. This lack of information isn't surprising as 20 years have passed since the sale.

It's agreed that the sale of PPI happened in a meeting. I don't know what was discussed during the sale or how the policy was presented to Mr S. So I have to make my decision based on the limited information that I do have and what I think is most likely to have happened at the time.

I accept that it's *possible* that BoS told Mr S that he'd have a better chance of getting a mortgage if he bought PPI. But from what I've read in this and other similar cases I can't fairly conclude that BoS made buying the policy a condition of approving Mr S's mortgage. I think it's more likely that BoS tried hard to sell PPI to Mr S. But that's not the same as insisting he bought the policy.

BoS says that it gave Mr S a recommendation to buy PPI. This means it needed to make sure that the policy was suitable for him. I've looked at the policy benefits, cost of cover and the overall financial circumstances of Mr S from the time of the sale. I think it's important to note that:

- Mr S was eligible for the policy.
- It doesn't appear that Mr S would've been negatively affected by the main exclusions or limitations in the policy, such as those for existing medical conditions or self-employment.

- Mr S told us that he wasn't entitled to any sick pay from his employer. So I think he would've found it difficult to make repayments on his mortgage if he couldn't work for an extended period. PPI would've covered his repayments for up to 12 months per successful claim. And it would've been possible to claim multiple times. So I think the policy would've given him peace of mind and potentially useful cover for what was a significant financial commitment.
- Mr S told us that he didn't have any savings or other insurance policies that he could've used to keep up repayments on his mortgage if he'd been unable to work.
- The policy was competitively priced at about £17 per month for what I understand would've been a potential monthly benefit of around £250. And I can't see anything that makes me think the policy wasn't affordable for Mr S.
- As the PPI was paid for by a regular premium Mr S didn't have to pay interest charges on the policy and it could've been cancelled without a penalty.

So when I weigh everything up, I think the policy was suitable for Mr S.

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

But even if there were problems with the information and advice that BoS gave to Mr S, I don't think it would've made a difference to his decision. I think Mr S 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 S hasn't lost out as a result of anything BoS might've done wrong.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 July 2015.

Kevin Williamson
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