

complaint

Mrs B complains that Halifax Insurance Ireland Ltd ("HII") mis-sold her payment protection insurance ("PPI") in connection to her mortgage.

background

In April 2007 Mrs B bought a PPI policy to cover her mortgage. The policy cost £12.25 per month and offered a potential monthly benefit of £206.38. The policy would've paid the benefit for up to 12 months per claim if Mrs B wasn't able to work due to an accident or sickness or if she became unemployed

Mrs B says that when she took out her mortgage PPI wasn't discussed with her and was added without her knowledge. Our adjudicator didn't uphold her complaint. Mrs B didn't agree, so the case has been passed to me to make a final decision.

my findings

Firstly, I'd like to sincerely apologise for the long time it has taken this service to issue a decision on this complaint. I'm very sorry for the inconvenience this must have caused.

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.

Was Mrs B given a choice about PPI?

The PPI policy was sold to Mrs B over the phone in a separate sale to the mortgage. Unfortunately HII couldn't provide the call recording, so I've no way of knowing what exactly was discussed during this conversation. Instead I have to decide what I think most likely happened during this phone call.

HII provided a script that their advisors used at the time of sale. Whilst I can't know for sure if the advisor followed the script word for word, it gives me an idea about the sales process and which points were most likely covered. The script shows the exact questions the advisor was meant to ask and how to react to certain answers from the consumer. So I believe it's likely that the advisor would've kept as closely to the script as possible. And I also see no reason why this script wouldn't have been used when Mrs B was sold PPI.

The script would've required Mrs B at different points to agree that she was happy with what was being said to her. After asking her questions to establish if she had a need for PPI the advisor would've given her a recommendation. Mrs B would've then been asked if she agreed with the advisor's recommendation. After having gone through the policy's features and exclusions, the advisor would summarise the cost and benefits again and ask Mrs B if this sounded ok. She then would've been asked if she was happy to go ahead with the PPI cover.

Mrs B said in her testimony that she can remember discussing buildings insurance but not PPI. This will be correct as PPI was set up during a different conversation. I think it's understandable that Mrs B might not remember the PPI sales call.

But having looked at the available evidence I think it's more likely than not that Mrs B did give her consent to have PPI.

was the policy recommended to Mrs B and if so was it suitable?

HII confirmed that the policy was recommended to Mrs B. So it had to make sure the policy was suitable for them.

Mrs B was eligible for the PPI policy. Her representatives told us she had a secure job and so redundancy wouldn't have been a high risk. Also they said Mrs B would've been entitled to six months full sick pay, followed by six months half sick pay.

I appreciate that Mrs B had been with her employer for many years and maybe didn't expect to lose her job. However, this didn't mean that she couldn't have become unemployed at some point. And although Mrs B might have had good sick pay, the policy would've paid out in addition to her benefits, for longer and she could've claimed more than once.

Mrs B wouldn't have been caught out by any of the main exclusions and limitations of the policy and I can't see anything that suggests it wasn't affordable for her. The policy was paid with regular premiums and could've been cancelled at any point.

For these reasons I believe the policy was suitable for Mrs B.

Was Mrs B given enough information?

The call script shows that the advisor was meant to tell Mrs B the price of the policy as £5.94 per £100 of benefit. It says in brackets that the actual cost for Mrs B would've been calculated by the system. I think it's likely that Mrs B was given the cost of the policy. Also the benefits and main exclusions should've been mentioned. I think that Mrs B probably received all the information she needed.

However, even if for some reason she didn't, I don't think it would've affected her decision to buy the PPI cover. As I explained before, I think the policy was suitable for Mrs B. It offered potentially useful protection and at a competitive price.

So I don't think Mrs B would've lost out as a result of possible information failings.

my final decision

I'm not upholding this complaint for the reasons mentioned above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 July 2015.

Nina Walter
ombudsman

