

complaint

Mr and Mrs B complain that they were mis-sold payment protection insurance ("PPI") by Bank of Scotland plc (trading as "Halifax" at the time) when they took out a mortgage.

background

Mr and Mrs B bought PPI when they took out a mortgage in 2000. The policy covered Mr M only and covered the mortgage repayments and an additional amount in the event that he was unable to work due to accident, sickness or unemployment. The policy paid out up to 24 months per claim and cost £11.90 per month. The policy was cancelled in 2003.

Our adjudicator considered the complaint and decided not to uphold it. Mr and Mrs B disagree.

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 approach to complaints about the sale of PPI on our website, and I've taken this into account when deciding Mr and Mrs B's case.

method of sale

Mr and Mrs B believe that PPI was sold to them in branch. But Halifax says PPI was sold by phone. I have seen an application form which confirms this so I think Halifax is more likely to be right. Halifax says that PPI was recommended, so it had to take reasonable steps to ensure that the policy was suitable for Mr B's needs. It also had to provide Mr and Mrs B with clear information so that they could decide whether or not to take the policy.

did Mr and Mrs B have a fair choice about whether or not to take PPI?

Mr and Mrs B say they presumed they had to have PPI when they took the mortgage. Halifax says that PPI was optional and it wasn't a requirement to secure the mortgage. There is nothing on the mortgage application form to suggest that PPI was had to be taken. As PPI was sold during a separate call, I think it's more likely than not that the optional nature of the policy was clear. I take into account the length of time since this policy was sold and it's understandable that Mr and Mrs B's memories might have faded with time. I think it's more likely than not that Mr and Mrs B were presented with a fair choice and did chose to add PPI to the mortgage as a result of this call.

did Halifax take adequate steps to ensure that the policy was suitable for Mr and Mrs B's needs?

I don't know what said during the telephone call, but I don't need to reach a decision about that because, on balance, I think the recommendation was suitable:

- Mr and Mrs B were eligible for the cover provided by the policy;

- Mr and Mrs B don't appear to have been caught by any of the main exclusions at the time;
- Mr B says he had 12 months sick pay in a new job he was about to start but the policy paid out up to 24 months per claim for absence due to sickness or unemployment, so it provided cover over and above that which Mr B was going to get. I also think it's likely that this is something Mr and Mrs B would've wanted as it was protecting their home;
- also Mr and Mrs B didn't have any other means of meeting the mortgage payments if Mr B lost his job. At the time Mrs B was earning significantly less than Mr B and wouldn't have been able to cover all the outgoings and the mortgage;
- the policy offered a reasonable level of benefit against its cost and Mr and Mrs B haven't said it was unaffordable for them.

did Halifax provide Mr and Mrs B with clear, fair and not misleading information about the policy?

I don't know what information was discussed with Mr and Mrs B about the main terms and exclusions of this policy during the sales call.

Even if there were some gaps in the information provided to them, I think Mr and Mrs B would've chosen to take this PPI if clear, fair and not misleading information had been given. That's because it had potential to benefit them, as set out above, and its costs and benefits were competitive.

My final decision

For the reasons given, I am not upholding this complaint. So Bank of Scotland plc doesn't have to do anything.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B to accept or reject my decision before 9 July 2015.

Sarah Tozzi
ombudsman