

complaint

Ms S and Mr S complain that Bank of Scotland plc trading as Halifax (“Halifax”) mis-sold them payment protection insurance (“PPI”) in connection to their mortgage.

background

Ms S and Mr S took out a mortgage in March 2008. In February 2010 they bought a PPI policy to cover their mortgage. The policy cost £34.38 per month and offered a benefit of £347.54. Ms S and Mr S were covered for 50% each of the benefit if they became unemployed. The benefit would’ve been paid for up to 12 months per claim.

Ms S and Mr S say they weren’t aware they were being sold PPI and that no one gave them any details about the policy. Our adjudicator didn’t uphold their complaint. Ms S and Mr S didn’t agree, so the case has been passed to me to make 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 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.

were Ms S and Mr S aware they were buying PPI?

Halifax unfortunately couldn’t provide the PPI application form. However, it provided several screenshots which show information about this policy and how it was sold. I can see that the sale happened in branch and that Ms S and Mr S were both asked questions to establish what kind of cover they might have a need for.

It shows that they told the advisor they had sufficient means to cover their mortgage payments if they were too ill to work but not if they became unemployed. Ms S and Mr S told us that they had good sick pay, so this would make sense. I can also see that the benefit split was changed in August 2012 from 50% each to 75% for Mr S and 25% for Ms S.

Looking at the information available to me I think it’s more likely that Ms S and Mr S were aware they were taking out PPI and decided to protect their mortgage in a way they found suited them best.

was the policy suitable for Ms S and Mr S?

Halifax confirmed that the policy was recommended to Ms S and Mr S. So it had to make sure the policy was suitable for them.

Both Ms S and Mr S were eligible for the PPI policy. They told us they had both secure jobs and some savings they could’ve relied on if they became unemployed. I appreciate that Ms S and Mr S had been with their employers for many years and maybe didn’t expect to lose their jobs.

However, this didn't mean that they couldn't have become unemployed at some point. And if one of them lost their job, I believe they would've wanted to spend their savings on their other living expenses. Also the policy would've paid out for longer than their savings would've lasted.

Neither of them would've 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 them. 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 Ms S and Mr S.

were Ms S and Mr S given enough information?

Halifax had to give the couple information about the main features of the policy that was clear, fair and not misleading. I'm not sure what information they received before they took out the policy or how it was presented to them. However, even if there were information failings, I don't think this would've made a difference to their decision to buy the PPI policy.

As I explained before, I think the policy was suitable for them. It offered potential useful protection and was offered at a competitive price when compared with other products on the market.

So I think if Ms S and Mr S had been given more information they still would've bought the policy.

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 Ms S and Mr S to accept or reject my decision before 10 July 2015.

Nina Walter
ombudsman