complaint

Mr and Mrs M say Bank of Scotland plc (trading as Halifax) mis-sold them a mortgage payment protection insurance (MPPI) policy.

background

Mr and Mrs M took out a Total Mortgage Protection Plan (TMPP) policy when they re-mortgaged in 2001. This included MPPI that covered Mr M. They paid a monthly amount for the policy and it covered Mr M for up to 24 months if he became too ill to work or found himself unemployed.

Our adjudicator didn't uphold the complaint. Mr and Mrs M disagreed with the adjudicator's opinion, so the complaint has been passed 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 this complaint.

We've set out our general approach to complaints about the sale of MPPI on our website and I've taken this into account in deciding Mr and Mrs M's case.

I've decided not to uphold Mr and Mrs M's complaint and I'll explain why.

Mr and Mrs M have said that they were unaware they had MPPI and don't believe it was discussed with them. Halifax has disagreed with this. As the sale happened over 16 years ago, Halifax no longer has the paperwork Mr and Mrs M would've seen when they took the policy. This isn't unusual or unreasonable considering the amount of time that's passed.

From what we know of how Halifax sold these policies in branch around this time and the documents we've seen in the past, it's likely the paperwork Mr and Mrs M signed would've made it clear enough that the MPPI was optional. So I think it's more likely that Halifax made Mr and Mrs M aware that they had a choice about buying the MPPI, and that they chose to take it.

Halifax recommended the MPPI to Mr and Mrs M, and it seems to have been right for Mr M based on what I've seen of his circumstances at the time. Mr M has told us he would've received 75% of his salary for up to 12 months if he became too ill to work. But the policy could've covered Mr M for up to 24 months *per claim* if he became too ill to work, or found himself unemployed. And that would be *in addition* to any sick pay he'd receive from his employer.

After our adjudicator gave their initial assessment, Mrs M responded and explained she remembered they did have other means they could've relied on, separate to Mr M's sick pay. She explained they received funds from the sale of their family home and that when Mr M had previously been made redundant, he'd received a sizeable pay out. Mrs M also mentioned that both their fathers supported them financially. But I haven't considered support from others, as there's no guarantee their circumstances wouldn't also change, meaning they may have had to withdraw their support at any time.

This discrepancy in Mr and Mrs M's memory of what savings they had is understandable, considering how long ago the sale was. Unfortunately they haven't been able to provide any evidence of their savings, which again isn't surprising considering the time since the sale. Where I have different accounts of what happened, I have to think about what I think is *most likely*. Considering everything, there's not enough for me to say the policy *wouldn't* have been suitable for Mr and Mrs M.

But I'd still think the policy was suitable had Mr and Mrs M been able to show they had the savings they've mentioned. This is because they still chose to take out an advance on their mortgage, rather than use those savings. This suggests to me that they wanted to protect their savings, instead of utilise them at that time. By taking out the MPPI, Mr and Mrs M were further protecting those savings, meaning if Mr M couldn't work for any reason, they wouldn't have had to use their savings and could rely on the policy instead. I've also noted that Mr and Mrs M had taken on a financial commitment secured against their home. I think it's most likely that they would've wanted to protect their repayments, given the serious consequences of defaulting on a debt secured against their home.

It's not clear if Halifax explained the cost of the policy to Mr and Mrs M. But even if it had, I think they would still have bought it as it provided a useful benefit for their circumstances.

It's possible Halifax didn't point out the main things the policy didn't cover. But Mr and Mrs M don't appear to have been affected by any of those things. So I don't think more information would've changed their minds.

I've taken into account all of Mr and Mrs M's comments, but these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr and Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 2 May 2017.

Rebecca Norris
ombudsman