

complaint

Mr and Mrs B complain they were mis-sold a payment protection insurance ("PPI") policy by Bank of Scotland plc (trading as Halifax). Mr and Mrs B say Halifax didn't explain that the policy was optional.

background

Mr and Mrs B took out the PPI policy in 1993, to cover their mortgage repayments if Mr B was unable to work due to accident or sickness or became unemployed. In 2012 Mr and Mrs B complained to Halifax about the sale of the policy. Halifax didn't agree that the policy had been mis-sold.

Our adjudicator considered their complaint but didn't recommend it should be upheld. The adjudicator thought there was little to suggest Halifax had told Mr and Mrs B the policy was compulsory.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think the relevant issues to take into account are the same as those set out in the information on our website about our approach to PPI complaints.

I've decided not to uphold Mr and Mrs B's complaint.

Mr and Mrs B say they weren't told the policy was optional. On the other hand, Halifax says Mr and Mrs B didn't need to take out the policy in order to get a mortgage. Halifax also says it wouldn't have improved Mr and Mrs B's chances of the mortgage application being accepted.

Mr and Mrs B say that buildings insurance was set out as a separate cost to their mortgage payment, in the documents they received in 1993, but PPI was not. They feel this supports their view that the PPI was presented as part of a package.

I've thought about this carefully. The sale took place over 21 years ago, so Halifax's records are limited and I think Mr and Mrs B's recollections of what was said are likely to have faded over time. I'm not persuaded that their point about the cost of building insurance being itemised in a letter, whilst PPI was not, really supports the view that PPI was presented as being compulsory. Overall, given the limited evidence, it seems at least as likely that Halifax did explain that the PPI was optional.

Halifax says it advised Mr and Mrs B to take out the policy, so it needed to make sure the policy was suitable for Mr and Mrs B. Based on what I've seen of their circumstances in 1993, I think the policy was suitable. I say this because:

- Mr B was eligible for the policy.
- Mr B says he would have received 12 months' pay if he couldn't work due to sickness or accident and he had some savings. But the policy would have paid out in addition to this, so it could still prove useful.

- Mr B wasn't affected by the main exclusions and limitations of the policy, such as those affecting self-employed people or people with pre-existing medical conditions.

It's possible Halifax might not have provided Mr and Mrs B with clear information about the policy. But, as Mr B was eligible for the policy, wasn't affected by the exclusions and limitations and it provided a useful benefit, I think it's unlikely Mr and Mrs B would have made a different decision if better information had been provided. Overall, I think Mr B would still have taken out the policy.

my final decision

I don't uphold Mr and Mrs B's complaint against Bank of Scotland plc.

Greg Barham
ombudsman