

The complaint

Mr and Mrs F have complained that Bank of Scotland plc (BoS), trading as Halifax, mis-sold them mortgage payment protection insurance (PPI).

What happened

Mr and Mrs F were sold PPI in 1992 at the same time as taking out the mortgage. Although it was a joint mortgage, the policy was set up just to cover Mr F.

Our adjudicator didn't uphold the complaint. Mr and Mrs F disagree with the adjudicator's opinion and so the complaint has been passed to me for a decision.

What I've decided – and why

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

BoS no longer has any paperwork available from the time of the sale, which isn't surprising given the time that has elapsed.

Where the evidence is incomplete (as it is here), inconclusive or contradictory, I reach my decision based on the evidence that we do have and what I consider is most likely to have happened.

Mr and Mrs F say they weren't made aware that the PPI was optional.

From what we know of BoS's sales processes at the time, the PPI would normally have been presented as optional and I haven't seen anything that would lead me to conclude that something different happened in this case.

I've no doubt that they have provided their honest recollection of events. However, the sale was a long time ago and so it wouldn't be surprising if their memories have faded.

On balance, I consider that Mr and Mrs F probably decided to take it out, knowing that they didn't have to, even if they no longer remember doing so.

This was probably an advised sale. This means that, in recommending the PPI to Mr and Mrs F, BoS needed to ensure that it met their needs. And from what I know of their circumstances at the time, the PPI was suitable for them.

As Mrs F was working less than 16 hours per week, she wouldn't have been eligible for the policy, so it makes sense that it was set up just to cover Mr F.

Mr F would have received some sick pay from his employer. But the policy would have paid out in addition to any sick pay and potentially for longer than he would have received full pay for. And the couple didn't have any other means, such as savings, to fall back on.

So I think the policy could have provided a useful benefit at what would have been a difficult time. And indeed, Mr F has told us that he did make a claim on the PPI when he was made redundant in 1993.

BoS also had to provide Mr and Mrs F with sufficient information for them to make an informed choice about whether or not the policy was right for them.

I think Mr and Mrs F would have known something about the policy – that it would have covered their monthly mortgage payments if Mr F was unable to work due to accident, sickness or unemployment. Because I don't think they'd have decided to buy it without knowing anything at all about it.

There's no information available about what they were told about the cost of the premiums. However, I think that, if they had been told that the PPI would cost £24 a month for a potential benefit of £400 for up to 12 months, it wouldn't have caused them to change their minds about buying it. I say this because they paid the premiums for a number of years and it appears to have been affordable for them.

It's possible that more information could have been provided about the policy, particularly about the things that it didn't cover. But Mr F wasn't affected by any of those things. For example, he didn't have a pre-existing medical condition that might have been excluded under the policy. As I consider that Mr and Mrs F had an interest in the PPI and decided to buy it, I again don't think that further information would have caused them to change their minds. So they are no worse off as a result of anything BoS may have done wrong, so there's nothing that BoS needs to do to put things right.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 1 September 2023.

Carole Clark

Ombudsman