DRN-2361317

Complaint

Mr M says Lloyds Bank UK PLC mis-sold him a payment protection insurance ("PPI") policy. The policy covered him for accident, sickness, unemployment and life.

Background

Mr M bought the policy during a meeting in 1997. The PPI was taken out at the same time as a credit card.

Our adjudicator didn't uphold the complaint. Mr M disagreed with the adjudicator's opinion. In summary, he has told us he was young and naïve and was in debt at the time of the sale. He says he was asked to visit the branch to sort out his finances, but he didn't fully understand what was being said. Having looked at a copy of the application form from 1997, Mr M agrees that the application possibly shows his signature, but that the form was completed for him as it is not his handwriting. So the complaint has been passed to me to decide.

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 Mr M's case. Having done so, I've decided not to uphold Mr M's complaint. I will now explain my reasons.

Lloyds had to make it clear to Mr M that the policy was optional, and it had to gain his consent before applying PPI to his account. Lloyds isn't able to provide all of its paperwork from when the sale of the PPI took place. However, this isn't surprising given the sale took place over 23 years ago. But Lloyds has been able to provide a copy of Mr M's credit card application form from 1997. Looking at this, I can see that under the 'Optional features' section Mr M was given the choice of ticking next to 'Payment Protection Plan' to have it added to his account. On Mr M's application form, there is a tick in the box, indicating he wanted it. Mr M has also signed the application form agreeing to its contents.

I note that on the application form under the same "Optional features' section Mr M also had the option of selecting whether he wanted other benefits. This included 'Personal Identification Number' and 'Card Registration and Protection'. One of these other options was selected. This suggests Mr M was aware of the fact that he had a choice when it came to any of the additional products listed on the application form.

I have also thought carefully about Mr M saying he feels strongly that PPI was taken out without his permission. But even if I accept that a staff member physically filled in parts of the application form for Mr M (something I don't find surprising or unreasonable given the context of the sale), I've got no reason to think they didn't discuss the PPI section with him before this option was selected and he signed the application form agreeing to its contents. So, on a balance, I think it's more likely than not that Mr M agreed to the PPI knowing he had a choice.

Mr M does not recall whether he received any advice when he took out the PPI. Lloyds doesn't have any details of how the policy was sold, but it has looked at the complaint as though it did give advice. This means Lloyds had to check the policy was right for Mr M and based on what I've seen of Mr M circumstances at the time, I think that it was right for him. He was eligible for cover and I can't see that he would have been affected by any of the things the policy didn't cover – such as pre-existing medical conditions.

Mr M told us he would have been entitled to 6 months or more, but less than 12 months' sick pay from his employer if he was too unwell to work and his job came with a redundancy package. He's also told us he was enrolled in a share save scheme and although he can't recall the amount he had at the time, he says he could take his money out at any time. In addition, he said he was living with his parents at the time and could have asked them to help if needed.

Having thought about what Mr M has told us about sick pay and redundancy pay, I don't think this means Lloyds was wrong to recommend the PPI to him. I say this because the PPI would have paid out in addition to the sick pay he would have received from his employer and would potentially have paid out for longer than he would have received full pay – up to 12 months. The PPI would also have paid a benefit if he was ever made redundant, in addition to any redundancy payment he would have received from his employer and for up to 12 months. And it also would have paid a benefit in the event of death. So I think the PPI would have been useful to Mr M if he ever became too unwell to work or lost his job.

I've thought about the share save scheme Mr M has provided details about. But I'm not persuaded this shows he didn't need PPI. Mr M has been unable to say how much he had in the share scheme at the time of the sale. The PPI would have meant he could have kept any shares he had for use at a later time if he wished or he could have used them to cover any other financial commitments he may have had at what could have been a difficult time.

I've also noted what Mr M has said about living with his parents and being able to rely on them to help with repayments if needed. Again, I don't think this meant that the PPI wasn't useful for him. Whilst Mr M's parents may have wanted to help, their financial situation could change, so this help couldn't always be relied on.

Finally, Mr M has told us about his financial circumstances at the time of the sale – in particular about requiring consolidation of an overdraft and loan debt and arranging a repayment plan. But Lloyds has told us it doesn't have any information about Mr M being in financial difficulty at the time of the sale. So whilst I have considered Mr M's comments, I don't think I have seen enough to suggest the PPI wasn't affordable for him at the time and he could have cancelled it at any time if he could no longer afford it.

It's possible the information Lloyds gave Mr M about the PPI wasn't as clear as it should have been. But Mr M doesn't appear to have been affected by any of the main things the policy didn't cover – and based on what I know about his circumstances it looks like the policy could have been useful to him. So I don't think better information would have stopped him buying it.

I've taken into account Mr M's comments, including what he has said about receiving a refund for another PPI policy he had. But I am only able to consider all of the information about the PPI taken out with his credit card in 1997 and so this point doesn't change my conclusion.

My final decision

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

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 17 June 2021.

Donna Parsons
Ombudsman