

The complaint

Mr B has complained that Lloyds Bank General Insurance Limited failed to respond to a claim he made for unemployment on his credit card payment protection insurance (PPI) policy.

What happened

In July 2021 Lloyds upheld a complaint that Mr B made about the PPI having been mis-sold and it paid redress of £414.79, which was a full refund of premiums plus interest.

Shortly afterwards, Mr B sent Lloyds a 'previously rejected claim form' about losing his job in 2011. Lloyds' response was that it had no record of a claim having been made on the PPI policy. However, Mr B had provided a letter that Lloyds sent him in 2016 that was requesting more information in support of a claim. So it was evident that Mr B had made a previous claim.

Our adjudicator requested information from Lloyds about the claim. But it was slow to respond and needed to be chased. And when it did initially reply it sent in information about Mr B's mis-sale complaint instead. Therefore, the adjudicator recommended that Lloyds should pay Mr B £150 compensation for delay and inconvenience.

Lloyds then did investigate the claims complaint and provided a final response letter dated 25 April 2023. It said that Mr B had registered a claim in February 2016. Mr B had provided some limited information but did not respond to a request for additional information. As Lloyds didn't hear back from Mr B, it closed the claim.

Also, Lloyds explained that the claim failed now for two reasons. Firstly, that Mr B had made a successful mis-sale complaint and therefore received all of the premiums back, which essentially put him back in the position he would have been in if he'd never taken out the policy. And secondly, that the balance of his credit card was zero at the time of the claim event in 2011 and so there would be nothing for the claim to pay out in any event.

Our adjudicator thought that Lloyds' response was fair and reasonable. Mr B disagrees 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.

In response to the adjudicator's assessment, Mr B has provided documents that prove he had PPI. It's not in dispute that Mr B did have PPI at the time. But Lloyds refunded all of the premiums in 2021, plus interest, as a result of his mis-sale complaint.

Mr B has also provided some documents and comments relating to the transfer of accounts from Lloyds to TSB in 2007. This has no relevance to the complaint about Mr B's

unemployment claim. Mr B has also mentioned a premier account, which is a current account.

To be clear, this decision is only looking at the complaint relating to the unemployment claim made on Mr B's credit card PPI policy.

Based on the available evidence, I'm satisfied that Lloyds started to assess the claim in 2016 but that it was closed when Mr B didn't respond to its request for more information. I'm satisfied that Lloyds acted reasonably in closing the case at that time.

In the event of a successful claim, the policy would pay out a percentage of the outstanding balance for up to 12 months per claim.

Lloyds has provided evidence that Mr B's credit card had a zero balance at the time he became unemployed. I've seen a number of Mr B's credit card statements and can see that he had a direct debit set up to pay off the full balance each month. So I'm satisfied that it's more likely than not that the balance was zero at the point Mr B became unemployed in 2011.

So even if Mr B had provided all the necessary information for Lloyds to accept the claim, as there was a zero balance on the card, there would have been nothing for the policy to pay out.

Overall, I'm satisfied that it was reasonable of Lloyds to close Mr B's unemployment claim in 2016 and that it has been correctly declined now. So, I do not uphold that part of the complaint. But I agree with our adjudicator that there was some delay caused by Lloyds which would have caused Mr B some inconvenience. I consider £150 to be appropriate compensation for this issue.

My final decision

I partly uphold the complaint and require Lloyds Bank General Insurance Limited to pay Mr B £150 for delay and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 July 2023.

Carole Clark

Ombudsman