

## **complaint**

Miss N complains about a regular premium payment protection insurance policy ("PPI") added to her credit card account. Miss N approached National Westminster Bank Plc ("NatWest") in May 1998 to take out a credit card. It was alongside her application for this credit card that the PPI was added. She complains that the PPI was mis-sold to her.

## **background**

NatWest did not uphold Miss N's complaint when she complained to the business. Upon bringing her complaint to this service the adjudicator did not uphold her complaint either. Miss N has asked for an ombudsman to provide a final decision upon her complaint.

## **my findings**

I have considered all of the available evidence and arguments in order to decide what is fair and reasonable in the circumstances. I have also taken into account the law and good industry practice at the time the policy was sold.

The questions I need to consider in this case are:

- whether NatWest gave Miss N information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying;
- whether, in giving any advice or recommendation, NatWest took adequate steps to ensure that the product it recommended was suitable for her needs.

If there were shortcomings in the way in which NatWest sold the policy, I then need to consider whether Miss N is worse off as a result; that is, would she have done something different – ie not taken out the policy – if there had been no shortcomings.

After careful consideration I have decided to not uphold Miss N's complaint. I explain my reasons below.

### *basis of sale?*

Miss N believes that this sale was an advised sale, whereas NatWest disagrees. NatWest have been unable to state the sales channel in this case, however from what I can see from the credit agreement it is apparent that Miss N has completed the application form and it is dated May 1998. There is also a stamp from NatWest dated sometime after Miss N's signature and date. I cannot say for certain how this sale was completed, however I do not need to make a finding on this point as it is immaterial to my conclusions. Despite Miss N saying she believed this sale to be advised NatWest have confirmed it was an information only sale.

On balance I agree. There is no further documentation arising from the transaction which points towards this sale being advised. Although not conclusive, the credit agreement also suggests there was a period of time between Miss N completing the form and from NatWest acknowledging receipt. Taken together I am satisfied this was an information only sale.

*did Miss N have a choice to select the PPI?*

Miss N says she only took out the policy because she thought it was a condition of the credit card and as she was young at the time she assumed it was all one package. However, I note that Miss N applied for the credit card by filling out an application form which clearly stated the policy was optional. I can also see from the application form that Miss N has signed the box marked "YES" thereby requesting PPI and that right next to this was an equally prominent option of "NO" to decline it. The application form illustrates that Miss N had the option and given she has signed for PPI I think it more likely that she wanted the policy at the time. There is no evidence before me to safely conclude that NatWest has sold the PPI as a mandatory requirement to secure the credit card facility. Miss N's complaint does not succeed on this basis.

*did Miss N have enough information to make a properly informed choice?*

I'm not satisfied in this case that NatWest drew Miss N's attention to all the significant features of the policy. But it doesn't automatically follow from this that I should uphold Miss N's complaint. I need to be satisfied that she has lost out as a result – in other words, that she would have acted differently (and decided not to take out the policy) if NatWest had clearly explained all of the policy's significant features.

The credit agreement from this sale is only partially legible. I cannot say with certainty what was disclosed about the PPI to Miss N at the time of completing the application form. This makes it very difficult to establish whether the policy's costs and benefits were adequately explained. NatWest have said that Miss N would have received policy documentation to assist in her decision about whether the PPI was suitable for her. However, I cannot say for sure that Miss N ever received such documentation or read it. Even if I accept that NatWest may *not* have adequately explained the ongoing cost of the policy and potential monthly benefit that would be paid in return for Miss N's premiums, I am not persuaded that I can say that this would have affected her decision to take out the PPI. I say this because:

- Miss N was eligible for the policy and unlikely to have been affected by the policy's main exclusions and limitations; in other words, she was most likely to be able to claim on the policy if the need arose.
- Miss N has confirmed that she was only entitled to statutory sick pay if she was unable to work due to accident, sickness or unemployment. In this regard Miss N may well have struggled to meet her monthly credit card obligations. The PPI in this sense would have provided Miss N some breathing space whilst she was managing a return to work. She has also stated that she would have relied upon family support if she was unable to meet her repayments. However, this income would not have been guaranteed and is entirely dependent upon her family's circumstances at the time. The PPI here would still provide a guaranteed repayment and would still be of benefit to her.
- The cost of the policy was 76 pence per £100 of outstanding balance on the credit card account for a monthly benefit of 10% of that balance, payable for up to 12 months per claim. As such, the cost of the policy in relation to the actual monthly benefit payable was competitive with many (and superior to some) alternatives available elsewhere, and would not, in my view, of itself, have made the policy unattractive to Miss N.

So in my judgement I cannot say that it is more likely than not with a full understanding of the costs and benefits she would not have taken the policy out. Essentially, I think Miss N wanted the cover and given that this policy provided broadly what I think she expected, I'm

not persuaded she would have made a different decision (and decided against taking it out) if any of the features had been better explained. Despite there being information failings in this case I cannot safely say that if the information was disclosed fairly she would have not purchased the PPI. Miss N has therefore suffered no detriment as a result of this sale.

I do not uphold Miss N's complaint.

**my final decision**

I do not uphold Miss N's complaint and I make no award against National Westminster Bank Plc.

Daniel Lucas  
**ombudsman**