

## **complaint**

This complaint concerns the sale of a regular premium payment protection insurance (PPI) policy in connection with a Lloyds Bank PLC Lloyds TSB Bank plc ('Lloyds TSB') credit card.

The credit card and PPI policy were taken out in 1998 during a branch meeting. Mr G says the policy was mis-sold. Essentially, he says that: he was told that taking out the PPI policy would help him get approval for the credit card; he was not given information about the PPI policy and the terms were not explained to him; and as he was self-employed, he would not have been covered by the PPI policy.

## **background to complaint**

The adjudicator's view was that there was insufficient evidence to show that the policy had been mis-sold. Mr G was advised of this and has requested that the matter is referred to an ombudsman for final decision.

## **my findings**

I have included only a brief summary of the complaint above, but I have considered all the evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances of this complaint. In doing so, I have taken into account the law and good industry practice at the time the PPI policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out in the section of our website explaining how we deal with PPI complaints.

The key questions seem to me to be whether:

- Lloyds TSB gave Mr G information that was clear, fair and not misleading, in order to put him in a position where he could make an informed choice about the insurance he was buying; and whether
- in giving any advice or recommendation, Lloyds TSB took adequate steps to ensure that the product it recommended was suitable for Mr G's needs.

If I conclude that Lloyds TSB did not do this, I still need to be satisfied that Mr G would have acted differently as a result of any failings and would not have taken out the insurance.

After careful consideration of all of the evidence and arguments, I have decided not to uphold Mr G's complaint. I have noted Mr G's comments and I know my decision will come as a disappointment to him. I have set out my reasons below and once he has had the opportunity to consider these, I hope he will understand why I have reached this conclusion.

Both parties agree that the PPI policy was taken out during a branch meeting and that Lloyds TSB recommended the policy to Mr G. This means that Lloyds TSB had to ensure the policy was suitable for Mr G's needs.

Based on Mr G's circumstances at the time of the sale, I am satisfied that the recommendation to take out the PPI policy was not unsuitable.

I say this because:

- I am satisfied that Mr G was eligible for the policy.
- In the event of an accident or sickness, Mr G would not have been in receipt of any pay from his employer because he was self-employed at the time of the sale. In addition, it does not appear that Mr G had any other means to make his repayments in the event of accident, sickness or unemployment. In this case, the PPI policy would have provided a 10% benefit for 12 months in the event of accident, sickness and unemployment. In the unfortunate event of Mr G's death, the policy would have paid off his balance in full (up to a maximum of £10,000). I am therefore satisfied that the PPI policy would have removed the additional pressure on Mr G of maintaining his credit card repayments in the event that he fell ill, suffered an accident or lost his job, and would have protected his standard of living at what would have likely been a difficult time.
- Mr G was self-employed as a painter and decorator at the time of the sale. Having considered the terms of the policy carefully, I am not persuaded that making a successful unemployment claim would have been any more difficult for Mr G, than it would have been for someone who was employed. I am therefore satisfied that Mr G could benefit from the unemployment cover and there is no suggestion that he would have found it onerous to make a claim on the cover.
- The policy benefit was 10%, which was competitive and higher than similar policies of its type on the market at the time, I consider a cost of 77p per £100 of the outstanding balance would have been affordable for Mr G, based on his particular circumstances at the time of the sale. I am also satisfied that Mr G had some need for the cover, and, in the event of an accident, sickness or unemployment, the PPI would have provided a worthwhile benefit.

Based on the above conclusions, in my view, any advice or recommendation made to Mr G to take out the policy was not unsuitable in the circumstances.

I have gone on to consider whether Lloyds TSB provided sufficient information to Mr G so that he could make an informed choice, and if not, whether this is likely to have affected his decision to take out the policy.

I have considered whether Mr G understood that he had a choice as to whether or not to take out the PPI policy. Mr G says he was told that taking out the PPI policy would help him get approval for the credit card. While I do not doubt that Mr G's submissions represent his honest recollections of what took place, given the amount of time that has elapsed since the application, it seems inevitable that Mr G's recollection will have faded with the passage of time. The credit card application form shows that Mr G has ticked a box in the "Optional Features" section of the form, requesting that the Payment Protection Plan is added to his account. I am also mindful that the PPI premiums are clearly identifiable and would have been visible on Mr G's credit card statements for many years.

If the PPI was something that Mr G did not want or feel the need for, I would have expected him to have cancelled it far earlier than he did. So, considering all the available evidence, I cannot safely conclude that Mr G was not aware the insurance was optional.

Mr G has said that the limitations of the policy were not explained to him. It is difficult for me to know whether all Mr G's information needs were met at the time of the sale as I cannot be sure as to what was said at the meeting. Nevertheless, given that the cost of the policy

(ie 77p per £100 balance) is set out on the application form in close proximity both to the box Mr G ticked to select PPI and to Mr G's signature, I think it more likely than not that Mr G understood at the time of purchasing the PPI policy, that he would be paying 77 pence per £100 balance and that in broad terms he would receive cover in relation to accident, sickness, involuntary unemployment and death. I am satisfied Mr G wanted cover and was prepared to pay *something* for it, I find it unlikely that a better explanation of the costs and benefits would have put him off taking out the policy.

Additionally, having considered his circumstances, I am not persuaded that he would necessarily have been put off taking out the policy if he had been fully informed about the self-employed terms as these were no more onerous for him than for employed persons.

It appears that Mr G had some need for the PPI, and as I have already said, he does not appear to have been affected by any of the significant limitations or exclusions of the cover, and so could have benefited from the cover it provided.

Having considered the evidence carefully, while there may have been some shortcomings in the information provided by Lloyds TSB, I cannot say for certain that Mr G has been disadvantaged by this. I am not persuaded that the policy was unsuitable, or that Mr G would have acted differently and declined the policy, had he been better advised and informed.

It follows that for the reasons set out above, I do not uphold Mr G's complaint.

**my final decision**

My final decision is that I do not uphold Mr G's complaint, and make no award against Lloyds Bank PLC. Lloyds TSB Bank plc.

Jagdeep Tiwana  
**ombudsman**