

complaint

This complaint against Lloyds TSB Bank Plc is about a current account, a credit card account, and the payment protection insurance (PPI) policy attached to the credit card. Mrs R complains that the additional cost of funding the premiums for the PPI (which has been the subject of a separate – and successful – mis-selling claim) caused her to incur default charges on her current account. Mrs R, who has third party representation, seeks a refund of these charges.

background to complaint

The adjudicator in this case did not uphold this complaint because he was unable to find that the charges were unlawfully applied to Mrs R's current account, and also because he could not attribute the reason that Mrs R exceeded the agreed overdraft limit on the current account solely to her credit card PPI premiums.

my findings

For the avoidance of any doubt, I make no findings on whether the PPI was mis-sold with Mrs R's credit card. This has already been considered, and concluded, previously. It is also my understanding that a settlement has been reached on refunding default charges on the credit card account itself. Similarly, therefore, my decision here makes no findings on that point, but deals solely with what is, in essence, a claim for consequential loss in the form of the current account charges, alleged to have flowed from the need to meet the cost of PPI premiums on the credit card.

I have considered afresh everything that Mrs R, her representative, and Lloyds TSB have said and provided, in order to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to broadly the same overall conclusions as the adjudicator, and for much the same reasons.

I say this chiefly because, to find in Mrs R's favour, I would need to be persuaded that there is a direct – and exclusive – causal link between the charging of PPI premiums on Mrs R's credit card and the application of default charges on her current account.

To put the point another way, I have to be satisfied that but for the PPI premiums, Mrs R's current account would, most likely, have been maintained in credit at all times such that the account would have attracted no default charges. A detailed examination of Mrs R's current account statements does not cause me to reach such a conclusion. The PPI premiums never exceeded £14 in any given month, there were months when the current account overdrawn even though no payment had been made to the credit card account. Meanwhile, even though PPI premiums stopped altogether in December 2005, there were occasions subsequent to this when the current account went overdrawn and incurred charges.

Taking the evidence in its entirety, I am unable safely to conclude that Mrs R would not have incurred any charges on her current account were it not for the PPI premiums being paid on her credit card account. I am therefore unable to recommend that these charges are refunded to her. In short, I find it likely, on the balance of probabilities that Mrs R would have found herself overdrawn from time to time even if she had not paid any money out on the credit card PPI.

my final decision

For the reasons set out above, my final decision is that I do not uphold this complaint, and make no order or award in Mrs R's favour.

Jeff Parrington
ombudsman