

complaint

Mr C complains that Lloyds Bank PLC (Lloyds) mis-sold him a payment protection insurance (PPI) policy when he arranged a credit card with Lloyds in December 1998.

background

Both parties agree that this sale took place during a branch meeting and that Lloyds recommended the policy to Mr C.

Mr C complains that:

- he did not give his consent to the PPI policy being added;
- Lloyds failed to properly advise him about the policy; and
- Lloyds failed to properly consider the suitability of the policy for him.

An adjudicator considered Mr C's complaint and recommended that his complaint should not be upheld. As a result Mr C has asked for his complaint to be considered by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In doing so I have taken into account any relevant regulatory rules, the law and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are the same as those set out in our well-established approach to complaints about the sale of PPI which is set out in the section of our website which deals with complaints about the mis-sale of PPI.

The key questions I need to consider therefore are:

- whether Lloyds gave Mr C 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 Lloyds took adequate steps to ensure the product it recommended was suitable for Mr C's needs.

Having carefully considered all the information before me, I am not persuaded that I can uphold Mr C's complaint. I set out my reasons below.

was Mr C aware that the policy was optional?

Mr C complains that the policy was added without his consent. In considering this aspect of his complaint I have looked at the application form which Mr C completed and the information which both parties have submitted.

Mr C has acknowledged in his complaint form to this service that due to the length of time which has passed since this sale took place that it is difficult to remember details about what happened.

Lloyds has acknowledged that it cannot be certain about what happened nor what was said or done during the branch meeting when the sale took place.

Looking at the completed application form which is signed by Mr C, I note that the form is largely completed by hand. Looking at the nature of the information which has been inserted into the form it suggests that Mr C took an active role in the completion of the form.

There is a section of the form which is headed '*optional features*'. This section sets out a number of additional features which can be selected alongside the credit card application. These features include a '*payment protection plan*'.

In this particular section the applicant is provided with a choice – either to select payment protection by ticking a box alongside a statement which reads '*yes I wish to take out Card Payment Protection...*' or to decline payment protection by ticking a box alongside a statement which reads '*no I do not wish to protect my credit card payments...*'. The applicant is directed to tick one box only.

The 'yes' box on Mr C's form has been ticked.

I am satisfied that both options were given equal prominence on the form.

There are present other additional 'products' which could be purchased such as '*card registration and protection £10 per year*'. All the other boxes in this section of the form have been left blank.

I accept it is possible that PPI was added to Mr C's credit card account without his knowledge. It is also possible however that the box was ticked with Mr C's consent.

This matter is finely balanced but it seems more likely to me that the PPI policy was added to the account with Mr C's consent and that given the time that has elapsed since the sale took place it would be entirely understandable if Mr C simply was unable to remember the precise details of how the PPI came to be selected.

was this policy a suitable recommendation for Mr C?

It is agreed that the Lloyd's adviser recommended this policy to Mr C. Mr C is concerned that this policy was not suitable for him.

When we consider whether a policy was a suitable recommendation we assess things as they existed at the time of sale. Having considered all the information before me I am persuaded that this was a suitable recommendation given Mr C's circumstances at the time of the sale. The fact that Mr C did not rely on the policy during the course of its existence does not mean that it was an unsuitable recommendation to make at the time it was sold.

Having considered the information before me I am satisfied that Mr C met the eligibility requirements for the policy.

Mr C says that at the time of sale he was employed and did not suffer from any pre-existing medical conditions. So he does not appear to be affected by any of the significant exclusions or limitations on the cover that might have made it unsuitable for him.

Mr C says that in the event he was unable to work due to sickness or accident, he would receive between three and six months' worth of pay from his employer. In addition to this provision, Mr C says that he could also rely on his partner to meet his credit card repayments if he needed to.

Although Mr C says he had some other means to meet his repayments in the event he was unable to work or was unemployed, I still consider that the benefits under this policy would have provided Mr C with valuable additional means to meet his repayment obligations if he was unable to work due to accident, sickness or unemployment and therefore it was a suitable recommendation for him.

The cost of the policy is set out in the credit card application form as 77p per £100 of the outstanding balance. In return for this premium I understand the policy provided a benefit equivalent to 10% of the outstanding balance.

Having considered Mr C's circumstances at the time of sale, I am satisfied that the policy was suitable for him given its cost. I am also satisfied that the cost of the policy and the benefit it provided, compare favourably with similar products available at the time.

I do however have some concerns about the advice Lloyds gave Mr C. I am not able to confirm whether Mr C was sufficiently advised about how exactly the benefit under the policy would operate nor that he would be required to pay the premiums during any period of claim. Thus I am not persuaded that Mr C was properly advised about the true cost of the policy.

However the question I need to consider is whether Mr C would have acted differently – i.e. not purchased the policy – if he had been properly advised by Lloyds. Having considered all the information before me I am not persuaded that the failure on Lloyd's part was significant enough to have put Mr C off the policy had he been properly advised.

summary

Having carefully considered the information which both parties have put before me I am not persuaded that there are sufficient grounds to uphold Mr C's complaint.

my final decision

For the reasons set out above, my final decision is that I do not uphold Mr C's complaint against Lloyds Bank PLC.

Emma Ali-Noor
ombudsman