

## **complaint**

Mrs A complains that in January 2004, The Royal Bank of Scotland Plc (RBS) mis-sold her a regular premium PPI policy in connection with her credit card application.

## **background**

Our adjudicator reviewed this case and did not find that RBS had mis-sold the PPI policy to Mrs A. Mrs A has requested that her complaint be reviewed 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 also taken into account the law, any relevant regulatory requirements, and good industry practice at the time the policy was sold.

I think 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 published on our website.

The key questions I need to consider are:

- if RBS gave any advice or recommendation, did it take adequate steps to ensure the product it recommended was suitable to Mrs A's needs;
- whether RBS gave Mrs A information that was clear, fair and not misleading so that she could make an informed choice about whether to buy the PPI policy; and
- if RBS did something wrong when selling the policy, would Mrs A have acted differently – and not bought the policy - if it had not done so.

Before I consider these questions, I will first look at Mrs A's complaint that she believed the PPI policy was compulsory if she wanted to be approved for the credit card.

RBS has provided a copy of the postal credit card application form completed by Mrs A. The relevant section of the form states: "PLEASE NOTE: Your monthly repayments will not be protected unless you take Payment Protection cover (see details enclosed)." Mrs A has ticked alongside the text, "YES, please protect my repayments now."

I note that, as well as providing various personal details on the form, Mrs A also made other selections in relation to card registration and cashback. Mrs A signed at the bottom of the credit agreement.

Having considered the application form, I am satisfied that it is more likely than not that it would have been clear to Mrs A that the PPI policy was optional, and that she opted to take it out.

Mrs A has also complained that RBS did not check that the PPI policy was the most suitable policy for her. If RBS had given advice to Mrs A, then it would have been under an obligation to make sure the policy it recommended was suitable for her needs. In this case, however, both Mrs A and RBS agree that RBS did not give any advice or make a recommendation. RBS was therefore only under an obligation to make sure that Mrs A was provided with

information that was clear, fair and not misleading so that she could make an informed choice.

*was information clear, fair and not misleading?*

RBS has said that Mrs A was provided with a copy of the policy's terms and conditions, and that the cost of the policy was clearly shown in every monthly statement that Mrs A was sent after she purchased the product. Mrs A has said that she thinks it is unreasonable to expect anyone other than a legal professional to read and fully understand the detailed policy documents, which are produced in small print.

The terms and conditions provide detailed information about, amongst other things, the policy's benefits and exclusions. This information was sent to Mrs A after she took out the policy and so could not have informed her decision. There is a section on costs (Section 8 – Premiums), but this does not include the monthly cost of the policy. This information should have been made clear to Mrs A at the point at which she was deciding whether or not to take out the policy, and not just from the monthly statements that she subsequently received.

I therefore conclude that, in regard to the costs of the policy, RBS did not provide Mrs A with sufficiently clear information to enable her to make an informed choice.

*would Mrs A have acted differently?*

The key question in determining the outcome of her complaint is whether or not Mrs A would have acted differently if clearer information about the policy had been available to her. In determining that, I need to take account of Mrs A's circumstances at the time and the costs and benefits of the policy.

Mrs A had been with the same employer for over four years. She says she was entitled to six months full sick pay, followed by six months of half pay. She has also said that her husband would have been able to help with her repayments if necessary.

The cost of the PPI policy was 75 pence per £100 of outstanding balance. In the event of unemployment or sickness, the benefits would cover 10% of the outstanding balance for up to 12 months.

Mrs A was taking on a new and additional credit commitment. Although her employer did provide some benefits, a PPI policy would have offered her additional cover. In view of this, I think it is likely that Mrs A would have thought it advisable to secure some protection to cover payments on her new credit card in the event that she was unable to work.

The costs and benefits of the policy (as set out above) were not uncompetitive at the time, and I do not believe they would have deterred Mrs A from taking it out. I am not therefore persuaded that, even if clearer information had been provided to Mrs A, she would have decided against taking out the PPI policy. As a result, I cannot uphold her complaint.

**my final decision**

For the reasons given, my final decision is that I do not uphold Mrs A's complaint against The Royal Bank of Scotland.

Matthew Young  
**ombudsman**