

complaint

In August 2001 Mr Q purchased a regular premium Payment Protection Insurance (PPI) policy along with a credit card from Lloyds Bank Plc, hereafter "LBP". Mr Q considers that LBP have acted unfairly with regard to the sale of the PPI policy.

background

The cost of the PPI policy was 75 pence per £100 of outstanding monthly balance on Mr Q's credit card. If he were to make a successful claim, the PPI policy would pay 5% of the outstanding monthly balance on his credit card. This would have been paid for up to 12 months per claim. Mr Q has told us the policy has since been cancelled.

At the time Mr Q was around 34 years old and a UK resident. He was employed and he has said he was not entitled to any sick pay (above Statutory Sick Pay) from his employers if unable to work. Mr Q has also stated that he had no other means, on which he could rely to make his repayments, in the event of being unable to work due to accident, sickness or redundancy.

my findings

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

Our general approach to considering complaints about the sale of PPI can be found on our website. It seems to me the approach deals with the relevant issues I need to consider in this case. The key questions I need to consider therefore are:

- If LBP gave any advice or recommendation, did it take adequate steps to ensure the product it recommended was suitable to Mr Q's needs;
- And did LBP give him information that was clear, fair and not misleading so he was put in a position where he could make an informed choice about the insurance he was buying; and
- If LBP did something wrong when selling the policy, I then need to consider whether Mr Q would have acted differently if it had not done so.

This is not a simple complaint to decide. Very little documentation remains from the original documentation from the point of sale. Mr Q has provided his recollections of taking out the PPI policy, but it is possible that these will have been affected by the passage of time. So, I must carefully weigh up the evidence available to me when reaching my decision.

I have reviewed the eligibility criteria in place at the point of sale and compared that to the information Mr Q has provided to this service with regard to his circumstances at that point in time. I have found that Mr Q met the eligibility criteria for this PPI policy.

It may be helpful at this stage for me to explain that, although I am aware that Mr Q and especially his representatives have raised a number of concerns in relation to the sale of this policy throughout this process, I will only be addressing those issues I consider to be materially relevant to the complaint in hand. Mr Q should note, however, that although I may not address each individual point raised, I have given careful consideration to all submissions before arriving at my decision.

The application form that Mr Q completed in order to get the credit card and PPI had brief explanation of PPI next to a question which stated "tick yes to take out Payment Protection Cover and protect your payments" followed by a yes box and a no box. The yes box is clearly ticked and Mr Q has signed the document near to this PPI section, indicating to me that he was happy to apply for the PPI. I cannot fairly say that LBP did not make it clear to Mr Q that the policy was optional.

LBP have stated this was an advised sale. Mr Q cannot remember being advised and as a consequence of this and the other evidence before me I find this to be an advised sale. Because the sale took place in a meeting, there is no record of what was actually said to Mr Q by the LBP representative, so I can only make my decision based on the evidence provided to me by the two parties. As such, I can only decide what is most likely to have happened in the circumstances. As a consequence of it being an advised sale the test is did LBP take adequate steps to ensure the product it recommended was suitable to Mr Q's needs and did LBP give him information that was clear, fair and not misleading so he was put in a position where he could make an informed choice about the insurance he was buying.

Mr Q has signed documentation which has completed which states he cannot remember how the PPI was sold to him or indeed ever talking to anyone about PPI. This is completely understandable as there has been a significant passage of time between the date of sale and when Mr Q provided his testimony to this service.

I have reviewed the limitations and restrictions of the policy and compared them with Mr Q's circumstances at the point of sale. I cannot conclude that he would have been disadvantaged by any of the limitations in the policy in his circumstances at the point of sale. So it seems unlikely to me that he would have needed further information on them at that time and nor did any of these terms make it an unsuitable policy for Mr Q.

There are no records available of how the costs or features of the policy were actually presented to Mr Q in the meeting by the LBP representative.

I have considered Mr Q's personal situation at the time of the sale including his testimony on the lack of employer benefits and that he had no other means to rely on in the event of not being able to work due to accident, sickness or redundancy. Consequently I am persuaded that he would have been able to gain a significant benefit from the policy in the event of a claim as this policy provided a significant enhancement to the cover he had in place.

It is clear to me that these benefits and costs make this policy a competitive product compared to the market. I am satisfied that Mr Q was aware that the PPI was optional. Considering Mr Q's circumstances and the costs and benefits of the policy I am not persuaded that the policy was unsuitable for him. I am not satisfied that LBP clearly and accurately explained the policy's costs to him, but even if it had done so, I am not persuaded this would have affected his decision to take the policy out. I find that even if it had, he would have still taken it out. As a consequence of the above, it is my decision that this complaint should not succeed.

For the sake of completeness I should state that Mr Q has summarised his complaint as being unhappy about paying for PPI when he "*didn't actually need it*". Mr Q has been stated that he cannot remember ever talking about PPI. The evidence from the point of sale is clear that he did talk to LBP about PPI and that it was sold to him. I appreciate Mr Q believes he "*didn't actually need it*", however he clearly did have a significant need and had Mr Q had cause to make a claim during the life of the PPI policy he would have received a valuable benefit.

my final decision

For the reasons above, my final decision is that I do not uphold this complaint and thus make no award against Lloyds TSB Bank Plc.

Rod Glyn-Thomas
ombudsman