

## **complaint**

This complaint is about a regular premium payment protection insurance policy ('PPI') sold by Lloyds TSB Bank Plc in conjunction with a credit card in 2001. Ms B (who is represented by a claims management company) says this was mis-sold because she was not aware she had taken the policy out and does not recall being provided with any information about it.

## **my findings**

I have carefully considered all of the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances. 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. And it seems to me this reflects the relevant issues I need to consider in this case.

The key questions I need to consider therefore are:

- if Lloyds TSB gave any advice or recommendation did it take adequate steps to ensure the product it recommended was suitable for Ms B's needs; and
- did Lloyds TSB give her information that was clear, fair and not misleading so she was put in a position where she could make an informed choice about the insurance she was buying;

If Lloyds TSB did something wrong when selling the policy, I then need to consider whether Ms B would have acted differently if it had not done so.

In this case it is not in dispute a recommendation was made. So not only did Lloyds TSB need to provide her with clear, fair and not misleading information it also needed to take reasonable steps to ensure the policy was suitable for her needs.

*did Ms B agree to take this policy out?*

I understand this sale took place at a meeting in branch and I cannot know exactly what was said. However, I have seen a copy of Mrs B's application form which I understand was completed at that time. I note information about the PPI policy is contained in a separate section headed '*Optional Features*' which contains boxes to tick if someone does or does not wish to take this out. On Ms B's form the 'Yes' box has been ticked and she has signed the form. I note the signature box is adjacent to the section relating to PPI.

I appreciate Ms B cannot now recall agreeing to take the policy out but I am also mindful of the fact this sale took place 12 years ago and it is perhaps inevitable the passage of time will make exact recall of what took place more difficult. It does seem possible Ms B has simply, and understandably, forgotten taking the policy out. On balance I do not consider her submissions are strong enough to enable me to safely conclude she did not agree to do so.

*was the policy suitable for her?*

Ms B's representatives have expressed concern her application form did not contain sufficient information to enable Lloyds TSB to establish whether Ms B was eligible for cover. However, as it appears she was in fact eligible I do not need to consider this issue further.

The policy did contain significant exclusions and limitations, for example relating to pre-existing medical conditions, which should have been considered as part of an assessment of suitability. I am not clear how this was done. However, her circumstances do not suggest to me she would have expected to be caught by any of the main exclusions that might limit the usefulness of this type of policy (in the event she needed to make a claim). For example she was not self employed and does not appear to have been suffering from any pre-existing medical conditions.

It also seems Mrs B had some need of the policy. She could not remember whether she would have received any pay from her employer if she was not working due to ill health. Nor does she appear to have had any other policies in place which could have helped her to meet her repayments. Ms B feels her family would have helped but while I am sure they would have wished to do so it does not seem to me there can be any guarantee their circumstances at the time would have made this possible. So I do not feel it was inappropriate of Lloyds TSB to recommend this policy to her.

*did Lloyds TSB meet her information needs?*

I am not clear Lloyds TSB fully met Mrs B's information needs. I understand she should have been provided with policy documentation but I note she does not recall being provided with any information. And even if she was I do not know if this would have been clear to her. However, as set out above, it does not appear she would have been affected by any of the significant exclusions or limitations of the policy.

I do have some concern she does not appear to have been provided with clear information about the costs and benefits of the policy. I note the credit card application form does not provide the monthly cost. And it does not appear to have been drawn to her attention that premiums would still need to be paid even if a claim for accident, sickness or unemployment was in payment (effectively reducing the value of any benefit) or that the premium would be interest bearing.

The question I must then consider is whether Mrs B would have acted differently if more information on this had been provided to her. I understand the policy would have paid 5% of her outstanding balance for up to 11 months per claim for accident, sickness or unemployment, with the payment in month 12 clearing the outstanding balance.

Unfortunately Lloyds TSB have not been able to confirm the actual cost of the policy. It has only been able to tell us the cost was between 59 pence and 79 pence per £100 of the outstanding monthly balance. But even if I assume the cost was at the higher end of the scale this is still a relatively competitively priced policy. And while the benefit it provided was lower than similar policies I am mindful of the fact that Ms B does appear to have had some need of the cover it provided. As a result even if she had understood more about the costs and benefits of the policy I think someone in her circumstances would most likely have still taken it out.

*summary*

For the reasons set out above I do not believe I could safely conclude Ms B was not aware of the optional nature of this policy. I am satisfied it was a suitable recommendation for her. And I am not persuaded she would have acted differently even if she had been provided with clearer information about, in particular, its costs and benefits.

**my final decision**

For the reasons set out above, I do not uphold this complaint and make no award against Lloyds TSB Bank Plc.

James Park  
**ombudsman**