

complaint

This complaint is about a payment protection insurance (PPI) policy taken out in June 1996 in connection with a credit card. Mr B says that Lloyds Bank PlcPLC mis-sold the policy.

my findings

I have included only a brief summary of the complaint above, but I have considered all of the available evidence and arguments in order to decide what is fair and reasonable in the circumstances. I have also taken into account the relevant regulations, 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 materially the same as those set out on our website. The questions I need to consider therefore are whether:

- Lloyds gave the Mr B 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;
- in giving any advice or recommendation, Lloyds recommendation, Lloyds took adequate steps to ensure that the product it recommended was suitable for his needs.

If there were shortcomings in the way in which Lloyds sold the policy, I then need to consider whether Mr B is worse off as a result; that is, would he have done something different – ie not taken out the policy - if there had been no shortcomings.

Lloyds says that the sale of the policy took place in June 1996 and was conducted on an advised basis. It has supplied a copy of application form completed and signed by Mr B, which indicates that the sale took place in a branch.

So not only did Lloyds need to provide Mr B with clear, fair and not misleading information, it also needed to take reasonable steps to ensure that the policy was suitable for his needs.

First of all, I have considered whether the policy was presented as being optional. And having looked at the evidence I am persuaded that it was.

The application form for the credit card had a separate section relating to PPI and this was set out along with the other optional features.

Under the heading '*TSB Credit Card Payments Insurance*' was the following text: '*To protect your card repayments, we strongly recommend that you take out TSB Credit Card Payments Insurance...it will take care of 10% of your outstanding balance if you cannot work through illness, injury or unemployment for a maximum of 12 months. Tick here if you would like to be covered by TSB Credit Card Payments Insurance.*' Mr B ticked the 'Yes' box.

The form also contained a section which asked customers if they were interested in 'Sentinel Card Protection' Mr B also selected this option. Another section asked customers to select one of four payment dates for their new credit card and I note that Mr B selected option 3.

All this leads me to conclude that Mr B chose the PPI option, made a choice to purchase sentinel card protection and also selected his preference for payments dates. On balance this leads me to conclude that it is more likely than not that Mr B was aware that PPI was optional at the time.

At the time of the sale in 1996, Mr B met the eligibility criteria in terms of age, being a cardholder and was in good health, and would not therefore have been caught by any of the significant limitations and exclusions contained within the policy, such as those relating to pre-existing medical conditions that could limit the value of the policy in the event of a claim.

Mr B told us that he had no other insurance policies and that he did not have the benefit of any good occupational benefits from his employer in the event that he was unable to work due to accident or sickness. He only had the benefit of statutory sick pay. It therefore seems to me that Mr B is likely to have felt there was a need for cover. Accordingly I am not persuaded that the policy was an unsuitable recommendation for Mr B.

It is possible that the costs and benefits of this policy were not made clear. I note, however, that the cost of the policy appeared on his monthly credit card statements for several years after taking out the policy, yet he does not appear to have queried or objected to the level of these charges.

Lloyds has told us that the PPI cost no more than 71p for every £100 of balance outstanding. The policy paid out a benefit of 10% of his monthly outstanding balance for 12 months in the event of accident, sickness or unemployment and was at a higher level than any statutory provision. In the unfortunate event of Mr B's death it would have paid off his credit card balance in full. Whilst it may not have been made clear that premiums would need to be met during a claim, and so the benefit is reduced because of that, or that premiums were interest bearing, it nevertheless remains a competitive benefit and higher than some other similar policies of its type. On balance, I am not persuaded that Mr B would have been put off by the cost, had it been made clearer and I find it likely he would have proceeded with the policy, in any event.

In conclusion, I am not persuaded that Mr B was affected by any of the exclusions or limitations of the policy and the cost of the policy would not have been unattractive to him. Although I cannot be certain that Lloyds explained the policy's exclusions, limitations and costs to his in a clear, fair and not misleading way, I am not persuaded Mr B would have decided against taking out the policy if he had been properly advised and informed and fully understood the position.

Rather, it seems more likely to me that given his then circumstances he would have decided the policy provided valuable protection in relation to his credit card (and potential liability) and still gone ahead with it.

my final decision

My final decision is that I do not uphold Mr B's complaint and make no award against Lloyds Bank PlcPLC.

Andrew Macnamara
ombudsman