

## **complaint**

This complaint concerns a monthly premium payment protection insurance (“PPI”) policy, sold in conjunction with a credit card in 2001. Mr G says that Lloyds TSB Bank Plc (“LTSB”) mis-sold the policy.

## **background**

Mr G took out a credit card with LTSB in 2001. Mr G, via his representative, has raised a number of points about the sale.

Our adjudicator considered his complaint but did not uphold it. They were of the opinion that Mr G was eligible for the cover, the policy was likely presented as optional and he would not have been caught by any of the main exclusions or limitations within the policy.

Mr G’s representative wrote to say Mr G did not accept the adjudicator’s assessment of the complaint. They said Mr G was unaware that he was purchasing a PPI policy and did not have any of the terms explained to him. They also say that the sale of the policy took place by post. The complaint has now been referred to me to consider.

## **my findings**

In deciding what is fair and reasonable in the individual circumstances of this case, I have considered the issues in accordance with our general approach to considering complaints about the mis-sale of PPI, which is well-documented. This includes taking into account the law and good industry practice at the time the policy was sold.

The overarching questions I will consider therefore are whether LTSB gave Mr G 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 or recommendation, LTSB took adequate steps to ensure that the product it recommended was suitable for Mr G’s needs.

If there were shortcomings in the way the policy was sold, I will consider whether they affected Mr G’s position and whether he would have acted differently if there had not been any shortcomings.

In this case there appears to be a dispute about how the policy was sold. Both parties agree that it was sold by way of LTSB providing a recommendation. But LTSB says the sale took place in branch whereas Mr G’s representative says it took place via a postal application. I do not consider this impacts on the outcome of the complaint but having reviewed the evidence from the point of sale, it looks more likely to have been a postal sale, as the application is date stamped after the date Mr G signed it.

However, as both parties consider this was a recommended sale, I will check – amongst other things – that LTSB’s recommendation was suitable based on Mr G’s circumstances.

was the policy presented as optional and did Mr G consent to its addition?

LTSB has provided a copy of the application form that Mr G signed to apply for the card. Within this form there is a section covering “Optional features” which includes additional products such as PPI, card protection and whether a balance transfer is required. I see from

the PPI part of this section that Mr G had to tick “yes” or “no” to confirm he wanted the cover – the “yes” option has been ticked on Mr G’s application form. In my opinion the very fact Mr G had to choose “yes” or “no” to agree to the cover would, on balance, show him that the policy was optional – or in other words that he need not take it.

While Mr G says he was unaware he was purchasing the policy, I am satisfied based on the way the application form is presented that Mr G is likely to have understood that he was agreeing to an additional policy. So on balance, I cannot safely conclude that Mr G was not aware that the policy was optional but find it more likely than not that Mr G was aware that the policy was optional and that he consented to its addition.

I have also considered whether Mr G was eligible for the cover at the point of sale. Based on his circumstances at the point of sale and the eligibility criteria of the policy, it would seem that Mr G was eligible.

was the recommendation to purchase the policy suitable?

Both parties have said that the policy was recommended but I cannot be certain what steps LTSB took to determine that the policy was a suitable recommendation. So, I have considered Mr G’s circumstances at the point of sale to decide whether the policy was suitable for him.

I cannot see that he would have been caught by any of the significant terms and conditions – for example, the restrictions on claiming for pre-existing medical conditions – so these would not render the recommendation unsuitable. Mr G cannot recall whether he would have received sick pay from his employer – and he had no other independent cover that would have met the repayments if he were off ill or unemployed – so the policy was suitable based on his existing arrangements at the point of sale. I have considered whether there were other factors – such as the cost – which impacted on the suitability of the recommendation. The cost does not appear to have been prohibitively expensive for Mr G’s circumstances and so I find that it was not unsuitable to recommend the cover provided by the policy to Mr G.

did LTSB provide Mr G with sufficient information about the policy?

LTSB says that Mr G would have been provided with a policy summary at the point of sale and a policy booklet subsequent to the sale, which would have explained the significant exclusions and limitations plus the costs and benefit of the policy.

I have considered the possibility that this was not provided. But even if this was not provided, I am not convinced that this would have influenced Mr G’s decision to take the policy. I say this because the cost of the policy was not prohibitively expensive for his circumstances, so I am not satisfied that this would have dissuaded him from taking cover. And the benefit – which was 5% of his monthly statement balance each month in the event of a valid claim – would likely have appealed to Mr G given his lack of alternative cover. While Mr G says he would have relied on family and friends to meet the repayments if he were ill or unemployed – and I do not doubt that they would have wanted to help – their circumstances could easily have changed making this an unreliable method of protecting his repayments, so I am not satisfied that this would have been a determining factor when he considered whether to take the policy or not.

I have considered Mr G’s comments that he would not have asked for the policy and that it was just included but I am conscious that he chose to take it on the application form – which

suggests to me he had some interest in protecting his repayments. So overall it seems unlikely to me that a fuller understanding of the cost, benefit and significant exclusions and limitations would have caused Mr G to decide against taking the policy.

So, having considered all the evidence carefully, although I accept there may well have been some shortcomings in how the policy was sold, I am not persuaded Mr G would have decided against taking it out if he had been properly informed. It seems more likely to me in the circumstances that he had some interest in protecting his repayments and chose to go ahead with the policy (even if he cannot now recall it). I also consider that the recommendation made by LTSB was suitable based on Mr G's circumstances at the point of sale.

It follows that I am not persuaded this policy was mis-sold.

**my final decision**

My final decision is that I do not uphold Mr G's complaint about Lloyds TSB Bank Plc and I make no award.

Alexander MacDonald  
**ombudsman**