complaint

This complaint concerns a regular premium payment protection insurance (PPI) taken out in conjunction with a credit card in 2003. Mr C complains that the PPI was mis-sold by Lloyds TSB Bank Plc.

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 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 in the section of our website explaining how we deal with PPI complaints.

The overarching questions I need to consider are whether Lloyds TSB gave Mr C 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 PPI he was buying and, whether in giving advice or recommendation, Lloyds TSB took adequate steps to ensure that the product was suitable for Mr C's needs.

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

Mr C believes that he took out the credit card during a meeting and that the PPI was not presented as optional, it was just added to his credit card account without his knowledge. But he also says that he was told to take out PPI because of his status and that it would help his application for the credit card. This apparent contradiction probably just indicates that Mr C's recollection of events has faded with the passage of time.

Lloyds TSB have provided a copy of Mr C's original application form which suggests that he applied by post following a mailshot. From the evidence available I am satisfied that this was the case.

The form is not very clear but it appears that Mr C had to tick a separate section within the application form to indicate that he wished to purchase PPI. Therefore, from the layout of the form, it would have been reasonably clear to Mr C that the policy was optional. As the form was sent to him and he would have completed it on his own, I am not persuaded that he either did not know that he had purchased PPI or that he was pressured into buying it.

Lloyds TSB say that the sale took place on a non-advised basis and so they didn't need to ensure that the product was suited to Mr C's particular needs. As this was a postal sale, I agree that this would have been the case. But they still needed to provide Mr C with information that was clear, fair and not misleading in order for him to make an informed decision about whether or not to purchase PPI. Essentially, did he understand what he was agreeing to? Again, the copy of the application form that has been provided is not very clear and I am unable to determine what information it contained about the policy. Mr C would have been sent the policy documentation following acceptance of his application but this would not necessarily be sufficient to overcome any earlier information shortcomings.

So I accept it is possible there were some shortcomings in the way Lloyds TSB acted. But it does not automatically follow that Mr C's complaint should be upheld. Rather, I must consider, on a test of the balance of probabilities, whether any shortcomings there might have been in the way Lloyds TSB sold the policy have resulted in Mr C being in a different position than would otherwise have been the case. That is, if there had not been any shortcomings in the way the policy was sold would Mr C most likely still have taken it out? I think that he would have and I say this because:

- Mr C says that he would only have received statutory sick pay if he had been unable to work due to accident or sickness and that he would have turned to his relatives for assistance to meet his credit card repayments if he had been unable to work. However, I do not think that this argument in itself made the policy inappropriate. The policy would reduce his reliance on any financial help his family might have been in a position to offer.

- Lloyds TSB haven't been able to confirm what the initial cost of the policy was but it is likely that it was not more than 79p per £100 of outstanding balance. The monthly benefit was 5% of that balance, payable for 11 months. At month 12 of any claim the remaining balance would be paid off. As such, the cost of the policy in relation to the actual monthly benefit payable was competitive with many alternatives available elsewhere, and would not, in my view, of itself, have made the policy appear unattractive to Mr C.

- Mr C was eligible for the cover and would not have been caught by any of the significant limitations of the policy, for example he did not have a pre-existing medical condition that would have been excluded.

So, because Mr C had a need, and because he was not affected by the exclusions, and because the policy provided a good benefit, then I think, on balance, that he would have gone ahead and purchased the policy anyway, even if he had been better informed.

my final decision

For the reasons set out above I am not persuaded that Mr C has suffered detriment as a result of any shortcomings on the part of Lloyds TSB Bank plc when selling the policy.
It follows that I do not uphold Mr C's complaint or make any award against Lloyds TSB Bank plc.

Carole Clark
ombudsman