

complaint

Mrs L complains that she was mis-sold a monthly premium payment protection insurance ("PPI") policy by Lloyds Bank PLC. The policy was sold in connection with a credit card in 1997. In essence, Mrs L states that she does not remember PPI ever being discussed and that it was added to her account without her knowledge or consent.

background

The adjudicator concluded that the complaint should be rejected. Mrs L did not agree with the adjudicator's view and so the matter has been referred to me for a final decision.

my findings

I have provided only a brief summary of the complaint above but, in reaching my decision, I have carefully considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this case. I have also taken account of the law and good industry practice at the time the PPI policy was sold.

It seems to me the relevant considerations in this case are materially the same as those set out in our well-established general approach to complaints about the sale of PPI, which is published on our website. The key questions I need to consider therefore are:

- whether, in giving any advice, Lloyds took adequate steps to ensure that the product it recommended was suitable for Mrs L's needs; and
- whether Lloyds gave Mrs L information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.

If there were shortcomings in the way that Lloyds sold the PPI policy, then I need to consider whether Mrs L was worse off as a result. In other words, would she have acted differently – that is, not taken out the policy – had there been no shortcomings?

Lloyds has confirmed that this policy was sold in branch and that advice was given. I have considered first whether Mrs L would have known that the policy was optional and whether she consented to it. Mrs L has said that she has very little recollection of the sale. This is, of course, perfectly understandable, given that the event occurred over 14 years before Mrs L first complained to Lloyds and that it concerned a relatively routine credit transaction. During her contact with this service Mrs L has, at times, stated that she did not take out PPI, she was not asked any questions in relation to the product, that nothing was explained to her and that she did not sign anything. She has also made less emphatic statements, for example, saying that she does not remember being asked about the product or signing anything. I accept these as Mrs L's genuine recollections of a now distant and, at the time, comparatively insignificant event.

Lloyds has provided a copy of Mrs L's original credit card application. PPI is dealt with under a section entitled, '*Optional Features*'. There are a number of optional products and services which can be selected by ticks being placed in their respective check boxes. *Payment Protection Plan* is selected with a tick whereas, for example, *Card Registration & Protection* is not. As this was a face-to-face sale, it is quite possible that the form would have been completed by the sales advisor. In such a scenario I think it likely that any selections

would have been made on the basis of at least some discussion about the options. Significantly, Mrs L has signed at the bottom of the form to indicate her consent both to the credit application and the PPI. Again, as this was a face-to-face sale, I think it likely that Mrs L would have had some opportunity to review and check the form prior to adding her signature. Given this, I am persuaded that Mrs L would have known, or ought reasonably to have understood, that the policy was optional. By signing the form, she gave her consent to its purchase.

Additionally, on the matter of choice, as far as I understand, Mrs L would have received policy documentation shortly after the sale, and the PPI deductions have appeared routinely on her credit card statements. Had she been unsure about the policy or the charges, Mrs L could have questioned Lloyds at any stage.

As advice and a recommendation were given, Lloyds needed to ensure that the PPI policy was suitable for Mrs L's needs. Having looked at her circumstances at the time of sale, I am persuaded that the policy was suitable. I say this for the following reasons:

- Mrs L was eligible for the policy and would not appear to have been affected by any of the policy's significant limitations or exclusions, such as those relating to pre-existing medical conditions or unusual employment terms.
- Mrs L's reported circumstances were such that there appears to have been some need for the cover. Regarding any other means which she could have used to make her credit card repayments, had she been unable to work, Mrs L said that she could not recall if she was entitled to any sickness benefit from her employer but did, at the time of sale, have some savings, amounting to less than three months income. The PPI policy provided a monthly benefit of 10% of the outstanding credit card balance, which was payable for up to 12 months if a successful claim was made. It therefore offered a more certain benefit and meant that Mrs L would not have had to deplete her savings in the event of being unable to work. So, I am not persuaded her existing means made the PPI policy unsuitable for Mrs L, given its potential benefits.
- As I understand it, the cost of the policy was 77p per £100 of the outstanding monthly balance. This was not, in my view, excessive and I have not seen any evidence that the cost was unaffordable for Mrs L at the time of the sale. So, I cannot say its cost made the PPI policy unsuitable for her.

Having concluded that the PPI policy was not unsuitable for Mrs L's circumstances, I must now consider whether Lloyds gave her information that was clear, fair and not misleading, so that she could make an informed choice about the insurance she was buying.

I acknowledge Mrs L's comments about the sales process. I cannot be certain what information was given to Mrs L at the time of sale. It is possible that she was not fully advised and informed; and I therefore accept the possibility of a shortcoming on the part of Lloyds. However, for the same reasons I have already given in respect of suitability, I am of the view that clearer and better information would not have affected Mrs L's decision to proceed with the policy.

It follows therefore that I do not consider this policy was mis-sold and therefore do not uphold this complaint. I realise Mrs L will be disappointed with this outcome, but hope that my reasoning at least explains why I have drawn these conclusions.

my final decision

For the reasons given above I do not uphold this complaint and I make no award against Lloyds Bank PLC.

Jo Chilvers
ombudsman