

complaint

This complaint concerns the sale of a regular premium payment protection insurance (“PPI”) policy, sold in 2010. The policy was sold alongside a loan that Mr F wanted for the purchase of a car.

Mr F says that Lloyds Bank PLC (“Lloyds”) mis-sold the policy.

background

The adjudicator concluded that the complaint should not be upheld because Lloyds made clear the purchase of the policy was optional and it would likely have covered Mr F in the event that he was unable to work due to sickness or unemployment. They also found that the policy was suitable to Mr F’s needs.

my findings

I have included only a brief summary of the complaint above, but I have considered all of the available evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances.

In doing so I have also taken into account any relevant regulatory rules, 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 PPI section in our website.

The key questions I will consider in this case are as follows:

- whether Lloyds gave Mr F 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.
- if Lloyds was giving advice or making a recommendation, whether it took adequate steps to ensure the product being recommended was suitable for Mr F’s needs.
- if there were shortcomings in the way in which Mr F was sold the policy, I will consider whether he is worse off as a result; that is, would he have done something differently – such as not taken out the policy – if there had been no shortcomings.

After careful consideration of all of the evidence and arguments I have decided not to uphold Mr F’s complaint. These are my reasons:

suitability of the policy

Both Mr F and Lloyds agree that this was an advised sale that took place in branch. Accordingly Lloyds had a duty to recommend a policy that was suitable to Mr F’s specific needs.

After carefully reviewing the information before me I take the view that Lloyds did take adequate steps to ensure the suitability of the policy for Mr F’s needs for the following reasons:

- Mr F appears to have fulfilled the conditions of eligibility for the policy and was not affected by any of the significant exclusions and limitations at that time, such as a pre-existing medical condition. Whilst Mr F was self-employed, the exclusions relating to self-employed persons in this case do not appear to be onerous. In particular I note that Mr F would not have been excluded from making a claim as long as he could show that he “*involuntarily ceased trading because you could not find enough work to meet all your reasonable business and living expenses and have declared this to HM Revenue & Customs*”. Accordingly I do not consider that he would have been affected by them. In addition I note that in this case Mr F would have been required to show that he was available and actively seeking work and be certified as unemployed with the Department for Work and Pensions and meeting a Jobseeker’s Agreement. Although I note that Mr F might not have been eligible to claim Jobseeker’s Allowance I can see that the policy would still have afforded him with unemployment cover as long as he could provide on-going alternative evidence that he was unemployed and actively seeking work at least 16 hours per week which could include copies of job applications, response and registration with job agencies. Accordingly I take the view that Mr F could have expected to benefit from the full extent of the cover provided by the policy at the point of sale and I am not persuaded that full knowledge of the policy terms, limitations and exclusions would have deterred him from taking the PPI out.
- Mr F says that he was not entitled to any benefits at the point of sale and does not appear to have any other existing insurance or alternative means to protect him loan repayments in the event that he was unable to work due to sickness or unemployment. Therefore I cannot safely conclude that he had no need for the PPI or that it was not suitable to his needs because in the event of a successful claim the policy would cover his loan repayments for up to 12 months if he became unable to work due to accident, sickness or unemployment. Accordingly I think the PPI would have provided Mr F with a worthwhile form of cover at a difficult time and one that he did not have duplicated elsewhere.
- It seems to me that the cost of the policy which was £25.97 was *affordable* and provided a reasonable level of benefit, payable for 12 months. Certainly there is nothing obvious about Mr F’s circumstances that leads me to believe the cost of the policy would have been unaffordable to him. As such I cannot safely conclude the policy was not suitable to his needs.

was the optional nature of the policy made clear

Mr F, through his representative, says he thought the policy was part and package of the loan, that he was required to take it out to have the loan approved and felt pressured to do so. I have considered this very carefully, but having done so, I am not persuaded there is sufficient weight of evidence for me to safely conclude this was the case.

I cannot be certain what was discussed with Mr F at the point of sale because much of this would have been communicated verbally. And I accept that it is possible that he was misled as he says. But although I do not doubt Mr F’s submissions represent his honest recollections, I am not satisfied that he has a sufficiently vivid recollection of the sale for me to be persuaded that Lloyds did not make clear the policy was optional. I say this because the documents I have seen do not appear to support what he says. I can see from the demands and needs statement that there are several references to the PPI being “*optional*”. In addition Mr F was required to sign separately to purchase the policy within the loan agreement in a distinct section which noted the cost of the policy and the words “*This insurance is optional*”. Given the content of those documents in particular I consider that

Lloyds made it clear enough that the PPI was optional and that Mr F chose to purchase it by signing the PPI section of the loan agreement. In addition I have seen no compelling evidence to suggest that Mr F was pressured into taking it out.

information about the policy

Lloyds had a duty to give Mr F 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.

I cannot determine precisely what information was given to Mr F by Lloyds at the point of sale because much of this would have been communicated verbally and neither party has made any submissions or provided me with any detailed evidence in respect of what was said. However for much the same reasons as stated above, even if Lloyds did not fully meet Mr F's information needs, I am not persuaded that he suffered any detriment as a result.

I say this because I do not consider that any of the important information about the PPI that he might not have known would have deterred him from taking it out. Therefore, I have not reached a finding on whether or not Mr F's information needs were met, as it is not crucial to the outcome of this case.

Overall, I conclude that whether or not Lloyds met its obligations to provide Mr F with information that was fair, clear and not misleading, Mr F has suffered no detriment as a result. I also find that the product Lloyds recommended was suitable for Mr F's needs and that it made clear the PPI was optional. It follows that I do not find that the policy was mis-sold.

my final decision

For the reasons set out above, I do not uphold Mr F's complaint or make any award against Lloyds Bank PLC.

Lâle Hussein-Doru
ombudsman