

complaint

Mr B says MBNA Limited mis-sold him a payment protection insurance ("PPI") policy.

background

Mr B applied online for a credit card in 2001 and took out PPI at the same time. The policy cost 68p per £100 of the monthly outstanding balance. If Mr B became unemployed it would've paid 3% of the outstanding balance for up to 12 months. If he'd been unable to work due to accident or sickness it would've paid 3% of the balance until he returned to work or until the amount he owed on the card at the date he made the claim was fully repaid. And if Mr B had died, the policy would've repaid up to £15,000 of the amount he owed on the card.

Our adjudicator didn't uphold the complaint. Mr B (via his representative) disagreed with some of what the adjudicator said, so the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding Mr B's case.

I've decided not to uphold Mr B's complaint and I'll explain why.

I think Mr B chose to protect his credit card repayments, knowing there'd be a cost to do so. The online application he went through probably described broadly the purpose of the cover and what it cost. And Mr B then had to click 'yes' or 'no' after thinking about whether or not to buy the policy. Despite what Mr B says, I don't think the 'yes' box was pre-selected and I've seen nothing that suggested his application for the credit card would be declined if he didn't take out PPI. Overall, I think Mr B would've realised he had a choice about whether or not to buy the policy and he chose to do so.

MBNA says it didn't advise Mr B to take out PPI but he points to the application "strongly recommending" he do so. Even if MBNA did recommend the PPI to Mr B, it doesn't look like it was unsuitable for him. Having looked at Mr B's circumstances I think he had a need for the cover provided by the policy. He was eligible for it and it doesn't look like he was affected by any of the main things the policy didn't cover.

The information MBNA gave Mr B about the PPI wasn't as clear as it should have been. For example, the policy cost was mentioned on the application. But it wasn't explained that the premium would be added to Mr B's credit card balance and could attract interest. The level of benefit wasn't set out either, or that Mr B would have to continue paying the monthly premium if he made a successful claim and was receiving the monthly benefit. But I think Mr B would probably have bought the policy anyway if better information had been provided.

I say that because Mr B seems to have had no sick pay or savings to rely on if he had to stop working unexpectedly. The cost of the policy was relatively low, compared to others in the market. And the policy gave Mr B a safety net – even at such a low level of benefit – which he might have considered useful in his circumstances.

Mr B chose to take out the policy, so appears to have wanted this type of cover. And, overall, I don't think he's lost out as a result of any problems with the sale.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2016.

Ruth Hersey
ombudsman