

complaint

Mr T has complained that he was mis-sold a payment protection insurance (“PPI”) policy by Bank of Scotland plc (“BOS”).

background

Mr T bought the PPI in branch in August 1992, at the same time he took out his credit card. The policy cost Mr T £0.78 for each £100.00 he owed on his credit card. If he had made a successful claim on the policy, it would have paid out 10% of what he owed on the card for up to 12 months.

At the time of sale, Mr T was in full-time employment. He can’t remember how long he would have received sick pay for from his employer. He says he had savings and could have relied on family to help make his credit card repayments if he couldn’t work.

Our adjudicator did not uphold this complaint. Mr T disagrees with this so the case has come to me to make a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think the relevant issues to take into account are the same as those set out in the information on our website about our approach to PPI complaints.

I’ve decided not to uphold Mr T’s complaint for the reasons set out below.

how was the policy sold?

Both parties agree that this was an advised sale. That means that BOS needed to check the policy was suitable for Mr T. It also needed to give Mr T enough information to decide for himself if it met his needs.

did BOS make it clear the PPI was optional?

Mr T says he thought the PPI was mandatory to get the card and would improve his credit chances. He hasn’t said what BOS did to make him think this.

Clearly I can’t know what was said during the meeting but I’ve looked at the documents from the time of sale. There is a section on the credit card application form for the PPI with the question “If you want to participate in Credit Care please write YES in the box.” “YES” has been written into the box next to this question and the form signed by Mr T. I don’t think there is anything on the form which suggests that taking the PPI would assist the application. As Mr T had a choice to leave the box blank I think it is likely that he would have known the PPI was optional.

was the policy suitable?

I don't think the policy was unsuitable for Mr T for the following reasons:

- BOS are unable to provide the actual policy document due to the passage of time. But from our knowledge of similar policies I think he would have been eligible for the cover. There is nothing about his circumstances at the time of sale to suggest he may have been affected by any of the main things the policy didn't cover, such as having a medical condition or being self-employed.
- He had some employee benefits and savings which would cover the repayments, but this policy would have paid out in addition to those. If Mr T was unable to work due to sickness the policy would have paid out for up to 12 months. It would also have paid out for the same period if he was made redundant. Although he has said that he could have relied on family, people's financial commitments can change and they may not be able to help even if they want to. So I don't think this would have been a reliable source of income over time. So I think Mr T had some need for the policy.
- The policy was reasonable value compared to others on the market at the time of sale and I haven't seen anything to suggest that the cost was unaffordable to him.

did BOS provide Mr T with adequate information?

Mr T says there was a lack of advice regarding limitations and exclusions.

There is nothing on the application form about the cost of the PPI or what it did and didn't cover. Due to the passage of time I haven't seen any other documentation from the point of sale setting out the cost of the policy or its significant features. I don't know what information Mr T was given at the meeting or what he saw before he decided to take out the PPI. So I'm unable to say that BOS didn't do anything wrong when they gave Mr T information about the policy.

But this doesn't mean that the complaint is automatically upheld. I need to go on and look at whether there is anything about the policy which would have put Mr T off taking it if he'd known about it.

would Mr T still have taken the policy?

For the same reasons that I think the policy was suitable for Mr T, I don't think knowing more about it would have put him off taking it. He had a need for the policy and doesn't appear to have been affected by any of the things it didn't cover.

This means Mr T is not worse off as a result of anything BOS did wrong, so there's nothing it needs to do to put things right.

administration complaint

Mr T has also told this service that he informed BOS that he wanted to cancel the policy verbally and in writing but that the payments were still taken. In his initial complaint he referred to this being when he became self-employed in 2008. Another lender took over the card from BOS in 2005 and it has already made a payment to Mr T relating to his PPI payments after that time. So this covered the time when Mr T became self-employed.

Mr T later told this service that he had also tried to cancel the policy before 2005 when it was still with BOS. He said that he had called them on the telephone and written to them. BOS have no records of Mr T trying to cancel the policy. Mr T is also unable to provide any records to show that he did contact them, which is understandable due to the passage of time. But there is not enough evidence for me to find that Mr T asked BOS to cancel the policy and it failed to do so.

my final decision

For the reasons given, I don't uphold Mr T's complaint and Bank of Scotland plc doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 2 December 2014.

Rachel Ellis
ombudsman