

## complaint

Mr E complains that Lloyds Bank plc mis-sold him a regular monthly premium Payment Protection Insurance ("PPI") policy when he applied for a new credit card in February 1996. He complains that he was not made aware that the insurance was being added to his account.

## my findings

I have carefully considered all of the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances in accordance with our general approach to considering complaints about the mis-sale of PPI, which is well documented.

I have also taken into account the law, any relevant regulatory rules and good industry practice at the time the policy was sold.

In essence, the questions I need to consider are:

- if any advice or recommendation was given, whether the product was suitable for Mr E's needs; and
- whether Lloyds gave Mr E 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 I conclude that there were shortcomings in either of the above, this will not necessarily result in me finding in favour of Mr E. I would also need to find that Mr E had acted differently – and to his detriment – as a result.

First I will consider the basis on which Mr E was sold the insurance.

Mr E applied for his credit card (and PPI) by completing a paper application form during a meeting at a branch of the bank. Mr E says that he was not provided with any advice, or a recommendation, on the insurance before he completed his application – Lloyds says that advice was given. Although I have not seen any other persuasive evidence that advice was provided, an advised sale places a greater level of responsibility on the seller and so I will treat the sale as having been conducted on that basis. So, in addition to providing Mr E with information that was clear, fair and not misleading, Lloyds was responsible for taking reasonable steps to ensure that the policy it sold was suitable for Mr E's needs, or if in part it was unsuitable, clearly drawing this to his attention.

Next I will consider whether Mr E was made aware that the insurance was being added to his card, and whether he was made aware that taking it was optional.

The application form that Mr E completed, or was completed on his behalf, covered PPI in a section headed "*TSB Credit Card Payments Insurance*". Within that section, Mr E was asked to tick a box to indicate that he "*would like to be covered*" by the insurance. A tick has been applied to the relevant box confirming the purchase of the insurance. Although the form did not provide a similar option to decline the cover, I think it likely that Mr E would have understood that he could decline the cover by simply leaving this section blank.

As I have noted earlier, this sale took place in a meeting. No recording, or transcript, of that conversation was made so I have no way of knowing how, or whether, the insurance was explained to Mr E. However I think that the wording on the application form, that bears Mr E's signature, might have been sufficient to correct, or at the very least highlight, any incorrect or incomplete information Mr E had received earlier during the sales discussion.

I therefore think it more likely than not that Mr E was aware that the insurance was being added to his card, and he was aware that he had a choice in whether or not to take it. I do, of course, fully accept that, given the passage of time, Mr E may no longer recall making this decision.

Finally I will consider whether Mr E was given appropriate information on which to base his decision to purchase the policy and whether it was suitable for his circumstances.

At the time of the sale, Mr E was aged between 18 and 65 years and was working. It therefore appears that he was eligible for the cover provided under the policy. He has told us he was not suffering from any pre-existing medical conditions and he did not have any indication of impending unemployment and so he would not appear to have been affected by any of the significant limitations or exclusions of the policy in that regard.

This policy, in the event of a successful claim, would have paid a monthly benefit of 10% of Mr E's outstanding balance for up to 12 months in the event of him being unable to work due to accident or sickness, or him being unemployed. In the unfortunate event of Mr E's death it would have paid off his credit card balance in full. Given the time that has elapsed since the sale Mr E cannot recall if he would have received any pay if he had been unable to work due to sickness. Mr E has told us that otherwise he had some limited savings he could have used to support his payments. However, the policy benefits would have been paid irrespective of any other means available to Mr E (and since he had only been with his employer for a short period of time I think his sick pay would have been limited) so the policy might therefore have provided a method of helping Mr E to meet his monthly repayments and might have proved useful at a difficult time.

Lloyds says the policy information would have been made available to Mr E in an accompanying leaflet for him to consider whether he needed the benefits offered by the policy. I clearly do not know if Mr E received, or read, this leaflet. It is therefore possible that this provision was insufficient to draw the key features of the policy to Mr E's attention. However I do not consider a failure in this regard would have made him act differently. The information would have simply shown him that the policy benefits were competitive in the market, he wasn't affected by any of the main limitations or exclusions and that the policy might have been useful to him.

The application form showed Mr E that the PPI cost 71p for every £100 of balance outstanding, although it does not appear to have been made clear that his premiums would need to continue to be met during a claim, and so the benefit is reduced because of that, or that the premiums were interest bearing. However, the policy provided a benefit to Mr E that may have proved useful to him so, on balance, I am not persuaded that, at the time of his application, Mr E would have been put off by the costs, had they been explained more fully.

In summary, while appreciating that with the benefit of experience and hindsight Mr E might not make the same decisions about purchasing the insurance today, I am not persuaded that he was poorly advised by Lloyds. The policy was suitable for his financial situation, he was made aware of the basic cost and he was not disadvantaged by any of the conditions or limitations of the policy.

As such I am satisfied that Mr E would not have made a different decision, at the time, about purchasing the policy even if he had been presented with clearer or more transparent information by Lloyds.

**my final decision**

For the reasons given above, I do not uphold the complaint or make any award against Lloyds Bank plc.

Paul Reilly  
**ombudsman**