

## **complaint**

This complaint concerns a regular premium payment protection insurance (“PPI”) policy sold to Mrs Z by Lloyds Bank plc, trading as TSB Trustcard, (“Lloyds”) in March 1998 alongside a credit card. Mrs Z, who is represented by a third party, considers that the PPI was mis-sold to her.

## **background**

The main benefit provided under the policy was as follows. In the event Mrs Z was unable to work as a result of unemployment, sickness or injury, the policy would pay an amount equal to 10 % of the outstanding last statement balance until Mrs Z returned to work or until 12 payments had been made. The minimum monthly benefit paid would be £10, unless the relevant outstanding balance was nil, in which case no benefit would be paid.

The adjudicator who considered this complaint recommended that it not be upheld. Mrs Z has disagreed with this assessment and has asked that it be referred to an ombudsman for review and a final decision.

## **my findings**

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

Our general approach to considering complaints about the sale of PPI can be found on our website. It seems to me this approach deals with the relevant issues I need to consider in this case.

The key questions I need to consider are as follows:

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

If there were problems in the way Lloyds sold the PPI policy, I then need to consider whether or not Mrs Z would have acted differently if there had been no problems.

I will make my decision on the balance of probabilities – that is, what I consider is most likely to have happened in relation to this particular PPI sale given the evidence that is available to me and the wider surrounding circumstances.

*was Mrs Z pressured into taking out the PPI and was the PPI presented as optional?*

The parties agree that the sale took place during a meeting at a branch of Lloyds. Mrs Z says she felt pressured to take out the PPI. Her representatives say that she felt pressured by the recommendation to take out the PPI, and did not feel that she could decline the cover. Her representative also says that Mrs Z is adamant that she was not given the option to

decline. Lloyds say that the PPI was optional, it was never a requirement of a credit card application and that the sales process in place would have ensured a fair presentation and optional policy.

Given the nature of this type of sale, face to face in a branch, I can see that there is a risk that a consumer may consider that they were under pressure (whether intentionally or not) to purchase the PPI and I have taken this into account. Also, whilst I have no doubt that Mrs Z has provided an honest recollection of the sale, I am conscious that the sale took place over 16 years ago and that memories may fade over such a long passage of time.

Having carefully considered Mrs Z's testimony along with the rest of the available evidence, I am not satisfied that there is sufficient evidence available to me to conclude that Mrs Z was pressured into taking out the policy, that she was not aware that such policy was optional or that she did not decide to take out PPI. I say this because:

- Having reviewed the signed credit card application, I note that a number of Yes and No answers have been added to the form. It appears likely that this application was completed electronically during the meeting and, once completed, was printed off and signed by Mrs Z.

Within the application there are two sections detailing different types of insurances.

The "Payments Insurance" section sets out the following question:

*"Would you like Credit Card Payments Insurance"*

And the word "[Yes]" has been inserted in response to this question.

The "CREDIT CARD SENTINEL" section sets out the following questions:

*"Please indicate type of card protection, if required*

*1 Year for £8*

*3 Years for £21"*

And the word "[No]" has been inserted in response to each of these questions. Nowhere within these sections or elsewhere in the application is it stated that the PPI is compulsory.

I accept it is possible that the adviser may have sold the payment insurance and credit card sentinel insurances differently to Mrs Z. However, the fact that the payments insurance was selected and the credit card sentinel insurances were declined suggests to me that Mrs Z was aware that each of the insurances detailed in the application could be selected or declined, that she felt able to decline one or more insurances and, whilst she declined the credit card sentinel insurances, she chose to select the payments insurance.

- Whilst Mrs Z and her representative have said that Mrs Z felt pressured into purchasing the policy, I have not been provided with any detailed or persuasive account of what the advisor said or did to make her feel under pressure to take out the PPI.

It therefore follows that I do not uphold this element of Mrs Z's complaint.

*was the policy suitable for Mrs Z?*

The parties agree that Lloyds recommended the PPI to Mrs Z. Unsurprisingly, given the length of time since the sale took place, there is little evidence available from the time of sale. So I cannot be certain that Lloyds took adequate steps when making the recommendation. However, even if there were failings in this regard by Lloyds, I am satisfied that the recommendation to take out the policy was suitable. I say this because:

- given Mrs Z's age and employment she appears eligible for the cover provided by the policy. At the time of sale she says she was in good health so it doesn't appear that she would have been affected by any of the significant limitation or exclusion terms (for example pre-existing medical conditions or impending unemployment).
- Although at the time of sale, Mrs Z says she would have received six to eight weeks full pay followed by six weeks half pay as sick pay from her employer, I do not think this meant that the policy was not suitable for her. Under the terms of cover, in the event Mrs Z was unable to work, the policy would pay the monthly benefit until she either returned to work or 12 payments had been made. So the policy enhanced her existing provisions. In addition, the policy provided cover in the event of unemployment.
- At the time of sale, Mrs Z says she had no savings. As she was taking on a new financial commitment, I feel it is likely that she would have had an interest in protecting her repayment.
- Whilst neither party has been able to confirm the cost of the policy, based on this service's experience of other policies sold by Lloyds at this time, I understand it is likely that the cost of the policy would not have exceeded 79 pence per £100 of cover. And it does not appear that the cost of this was not acceptable to her.

*did Lloyds Bank provide sufficient information that was clear, fair and not misleading so as to allow her to make a decision? If not, did it make a difference?*

Mrs Z says that the cover provided was not explained to her, that she was not made aware of the cost of the PPI and that she was provided with insufficient information to make an informed choice. I cannot be sure that there were no shortcomings in the information provided to her. However, even if I were to assume that there were shortcomings in the way the PPI policy was sold and the information provided to Mrs Z this, in itself, is not sufficient for me to uphold the complaint. I also have to consider whether, if fully and properly informed, Mrs Z would have made a different decision.

The main policy benefits are detailed above. Whilst the requirement to pay premiums through any claim would have reduced the benefit below 10%, this reduced benefit would still have been greater than the required minimum repayment – so the overall outstanding balance would reduce over time. The cover provided by this policy was comparable to others in the market at the time and provided comparable benefits. Thus, although I accept that there may have been problems in the way the policy was sold I do not think I can safely conclude that, had clear and full information been provided to her, Mrs Z would have decided not to take out the PPI. Given that Mrs Z does appear to have had some need for the protection provided by the policy, I think it is more likely than not that if Miss Z had been properly informed and advised about the policy she would have decided that the policy provided potentially valuable protection at an affordable cost and decided to take it out.

#### **my final decision**

For the reasons I have set out above my final decision is that I do not uphold this complaint and make no award against Lloyds Bank plc.

Úna McKeivitt  
**ombudsman**