

complaint

This complaint concerns a regular premium payment protection insurance (“PPI”) policy sold in conjunction with a credit card in 1997. Mr A says that Lloyds Bank plc (“Lloyds”) mis-sold the policy.

background

Our adjudicator concluded that the policy was not mis-sold and therefore did not uphold Mr A’s complaint. Mr A does not agree with this view and so the matter has been referred to me for a final decision.

my findings

I have provided only a brief summary of the complaint above but in reaching my decision 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 applicable at the time the policy was sold.

Having done so, I think the relevant considerations in this case are the same as those set out in the technical note on our website which explains our approach to complaints about the sale of PPI.

The key issues that I need to consider therefore are:

- whether Lloyds gave Mr A 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 that he was buying; and
- whether, in giving any advice or recommendation, Lloyds took adequate steps to ensure that the product it recommended was suitable for Mr A’s needs.

If there were any shortcomings in the way in which Lloyds sold the policy, I then need to consider whether Mr A would have acted any differently *but for* those shortcomings – for example would he have chosen not to take out the policy.

I will review all the available evidence and testimony to reach a conclusion on the balance of probabilities – i.e. what I consider *more likely than not* to be the case.

did Lloyds make it clear that the PPI was optional?

Mr A has complained that the PPI was not presented as optional. He also says that it was strongly suggested by Lloyds that he wouldn’t get the credit if he didn’t take it out.

Lloyds says that the Consumer Credit Agreement (“CCA”) made it clear that the policy was optional and that it has never been a requirement to take out PPI in order for a credit card application to be accepted.

I have considered Mr A’s recollections on this point which are not particularly detailed. He says that he cannot remember how the policy was sold in his PPI Questionnaire. As the sale took place some 16 years ago, it is understandable that his recollection of events may

have faded. I do not doubt that Mr A's account represents his honest and best recollections of what took place. But when deciding how much weight to give to it (when considering what most likely happened) I must also consider the other available evidence, such as the documentation from the time of sale.

Lloyds has provided us with a copy of the signed CCA from the date of sale. It says that the policy was sold during a meeting in branch which, after studying the CCA, I am inclined to agree with Lloyds. The form shows a 'selling branch sort code' at the top and signatures from both Mr A and a Lloyds' representative.

The CCA is not very legible in this case and so I have considered it alongside another Lloyds form from around the same date. I am satisfied in the particular circumstances of this case that this more legible application form is more likely than not representative of the application form Mr A would have completed at the time of the sale. I also think that it would have been sufficiently clear to Mr A that he had to make an active selection to take out the policy.

Under the heading 'TSB Credit Card Payments Insurance' it says "*Tick here if you would like to be covered by TSB Credit Card Payments Insurance...*" I can make out that there is a tick in the box underneath to select this. Weighing this evidence against the recollections of Mr A, I'm satisfied that the policy was chosen by him – as it appears to have been presented as an optional product. I think that in this case by ticking a box for the PPI he would have been aware that he had a choice as to whether or not to take out the policy.

Whilst I accept it is possible something was said by the Lloyds adviser at the point of sale which made Mr A believe that he had to take out the policy in order to get credit, I am not persuaded that the available evidence is strong enough for me to safely conclude that Mr A was misled about this. For example, he can't remember how the policy was sold and has not been able to give any specific details about the sale. I find it more likely that he agreed to take out the PPI, aware that he did not have to and has since forgotten some of the detail about the sale.

did Lloyds give advice or a recommendation?

Lloyds say that they recommended the policy to Mr A but Mr A has both agreed and disagreed with this in his correspondence. I don't feel I need to come to any definitive conclusion on this issue because even if I proceed on the basis that Mr A was given advice, I don't think that the recommendation was unsuitable.

I say so for the following reasons:

- At the time of sale Mr A was eligible for the policy, in employment and good health.
- Mr A says that he was self-employed at the time, however, from looking closely at the CCA I can see that he has ticked the box for being an employee rather than self-employed. In any event, it does not appear that he would have been caught by any of the significant limitations or exclusions such as unusual unemployment terms.
- Our experience shows that the Lloyds terms were the same for those who were employed and self-employed at this time. Furthermore, as he was in good health, he would not have been affected by other significant exclusions such as those relating to

pre-existing medical conditions. So I don't consider that there was anything that might limit the value of the policy to him.

- Mr A was a young man taking on a new financial commitment and so there was likely to be a need for cover in my view. The policy would have offered cover for up to 12 months in the event that Mr A was unable to work due to accident, sickness or unemployment.
- And he has told us that he would not have received any sick pay or redundancy pay from his employer at the time of sale. He has suggested that his family could have helped him with his credit card repayments should the need arise but this would not have been guaranteed. People's circumstances change and I don't consider this to be a reliable source of income. He has also said that he had between 6 and 12 months of savings at the time of sale, but the policy would have paid out in addition to this and he would likely have had other financial commitments to meet if he lost his job or was unwell. The purpose of the PPI was intended to remove the additional pressure of maintaining his credit card repayments at what would likely be a difficult time financially.
- Our experience shows (and the more legible CCA from the time confirms) that the policy premium was likely to have been no more than 79p per £100 of outstanding balance and provided a benefit of 10% in the event of a successful claim. I have not seen anything to suggest that this would have been unaffordable or unacceptable for Mr A at that time.
- I note what Mr A says about not being made aware of other policies on the market at the time and that effectively he could have gone elsewhere to obtain potentially more competitive cover. This is of course true. However, Lloyds was under no obligation to make that suggestion to him.
- The policy was flexible as it could be cancelled at any time.

In summary, I am not persuaded that the policy was unsuitable for Mr A as it provided him with additional cover that he would have benefited from in the event of a successful claim.

were Mr A's information needs met?

As there is relatively limited information in this case, I cannot be certain that Mr A was given sufficient information about the policy at the point of sale. And having studied the available documentation from the point of sale, I think that information about the policy's cost and benefit could have been clearer. For example, I accept that Mr A might not have understood that he would have to keep paying for the policy during a claim or that the policy premium would potentially attract interest along with the rest of the balance. This meant that Mr A may have found it difficult to calculate the real cost and benefit of the policy based on future expenditure. But the policy's cost and benefit was relatively competitive in the market at the time and the benefit would still have likely paid out more than Mr A's minimum credit card repayment each month.

Given his circumstances at the time, and for the same reasons that I think the policy was suitable for Mr A, I don't consider that the provision of better or clearer information would have made a difference. I think that Mr A had a need for the cover. So whilst I accept there may have been shortcomings in the way the policy was sold, I don't think these would have ultimately affected his decision to take it out.

I have noted all of Mr A's submissions but these do not alter my conclusions. It follows that I do not uphold this complaint.

my final decision

For the reasons set out above, my final decision is that I do not uphold Mr A's complaint against Lloyds Bank plc.

Rebecca Wood
ombudsman