

## **complaint**

Mrs G complains, through her representative, that Lloyds Bank PLC (“Lloyds”) mis-sold her a regular premium payment protection insurance (“PPI”) policy when she took out a credit card in 2005.

## **background**

As Lloyds did not uphold Mrs G’s complaint, she referred it to this service. Our adjudicator assessed the case and recommended that the complaint should not be upheld. Mrs G does not agree with that assessment and has asked for her case to be considered afresh by an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I base my decision on the balance of probabilities – that is, what I consider is most likely to have happened given the evidence that is available and the wider surrounding circumstances.

I have taken into account law and regulations, regulators’ rules, guidance and standards, codes of practice and good industry practice at the time the policy was sold.

The questions I need to consider are:

- whether Lloyds gave Mrs G information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying;
- whether, in giving any advice or recommendation, Lloyds took adequate steps to ensure that the product it recommended was suitable for Mrs G’s needs.
- if there were shortcomings in the way in which the business sold the policy, I then need to consider whether Mrs G is worse off as a result; that is, would she have done something different – for example not taken out the policy – if there had been no shortcomings.

However, before I consider those questions I will address Mrs G’s complaint that she was pressured into buying the policy – she says she was told she needed to take the policy. In effect she says that the policy was not presented as optional and that she was denied the opportunity to decline it. If I were to find that this was more likely than not to have happened, it alone would be grounds for me to uphold the complaint and find in Mrs G’s favour.

I accept that Mrs G has provided her honest recollections about what happened in 2005 but I am mindful that events were a very long time ago and that memories can fade over so long a period. As such I have taken into account her testimony and other evidence which is available to help me decide what is more likely to have occurred. Having done so I am not persuaded that Mrs G’s testimony is strong enough for me to safely conclude that she was not given a choice about the PPI.



- She was in good health so it does not appear that she would have been affected by any of the exclusions or significant limitations in the policy which relate to pre-existing medical conditions, such that these would make this policy unsuitable for her.
- Mrs G was self-employed. She says that the policy was not suitable for her because it was of no use due to her employment status. I have carefully considered the terms of the policy which I understand would have been applicable to Mrs G. For self-employed people to claim they were required to have ceased trading because they could not find enough work to meet their reasonable business and living expenses and have declared this to the Inland Revenue.

I accept that the process for a self-employed person may have involved some administration in order to be in a position to claim but I am not persuaded that it would have been so difficult or time consuming for Mrs G that it rendered the policy unsuitable. I therefore do not consider that these terms meant that it would have been inappropriate of Lloyds to recommend the policy.

- The PPI policy provided cover in the event that Mrs G was unable to work due to accident, sickness or unemployment. As a self-employed person she did not have employee benefits such as paid sick leave. She says that family would have supported her but I understand that she did not have any alternative provisions such as savings. The monthly benefit payable under the policy was 5% of her outstanding balance at the start of the claim which would be paid for the first 11 months; in the 12<sup>th</sup> month the remainder of the outstanding balance (plus any interest) was payable. It also provided life cover.

Taking account of the level of Mrs G's alternative cover (which appears to have been limited) and the cover provided by the PPI I am not persuaded that the policy would have been unsuitable.

- It appears that the policy premium at 77p per £100 of outstanding credit card balance provided a reasonable benefit which is outlined above. I am not persuaded that this was unaffordable for Mrs G or that the premium (in the light of the potential benefits) was unsuitable for her.

In summary, I am not persuaded that the policy was unsuitable for Mrs G, as it provided her with cover that she otherwise did not have and from which she stood to gain in the event of a successful claim. So I do not feel it would have been inappropriate of Lloyds to recommend this policy to someone in Mrs G's circumstances.

*was information provided which was clear, fair and not misleading?*

Whether or not Lloyds provided advice or a recommendation to Mrs G it was obliged to provide her with information about the policy's features which was clear, fair and not misleading so that she could make an informed choice about whether or not to take out the PPI. Like all insurance policies the PPI did not cover every eventuality and the policy contained a number of limitations and exclusions mostly about employment status and health. This information should have been drawn to Mrs G's attention before she made the decision about whether or not she wanted the PPI.

I cannot be sure about what was said or provided to Mrs G during the meeting. The application form contains virtually no information about the policy. So I am open to the

possibility that there were failings on the part of Lloyds in meeting Mrs G's information needs.

However, I am not persuaded that Mrs G would have decided against taking out the PPI even if she had been provided with clear information about it. For reasons similar to those I find in relation to whether the policy was suitable, I am satisfied that there is nothing about her circumstances which suggest to me that any of the information about the PPI that she might not have known would have dissuaded her from taking it out.

Taking all this into account, and given that I am satisfied Mrs G wanted to protect her repayments (because I have found it is likely she chose to take out the policy knowing she did not have to), I am not persuaded that she acted to her detriment even if there were shortcomings on the part of Lloyds.

### **my final decision**

For the reasons set out above, my final decision is that I do not uphold Mrs G's complaint against Lloyds Bank PLC.

Liz Forbes  
**ombudsman**