

complaint

Mrs B complains that she mis-sold a regular premium payment protection insurance ("PPI") policy by Lloyds Bank PLC ("Lloyds").

background

It appears that Mrs B attended a Lloyds branch in December 1995 and applied for a credit card. The PPI was purchased as part of the card application. The insurance was designed to protect Mrs B's monthly repayments if she could not work through accident, sickness or redundancy. If she made a successful claim the insurance would pay 10% of the card's outstanding balance each month until Mrs B returned to work, for up to a maximum of 12 months.

At the time of sale Mrs B was employed. She says that she was not entitled to any sick pay if she could not work through illness and had no other means of making repayments, although I note that Mr B was also working.

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 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 that this approach deals with the relevant issues I need to consider in this case. The key questions I need to consider therefore are:

- if Lloyds gave any advice or recommendation, did it take adequate steps to ensure the product it recommended was suitable for Mrs B's needs?
- and did Lloyds give her information that was clear, fair and not misleading so she was put in a position where she could make an informed choice about the insurance she was buying? and
- if Lloyds did something wrong when selling the policy, I then need to consider whether Mrs B would have acted differently if it had not done so.

Mrs B, through her representatives, has also raised a number of other complaint points which I will consider. As there is overlap between some of the points, I will group points to avoid repetition wherever possible.

was it implied that buying the PPI would assist Mrs B's chances of approval? did Lloyds make it clear that this was an optional policy?

On the face of it not both of these points can be correct. One suggests that, while buying the PPI would assist Mrs B's application, the application may be approved even without it and the other suggests that the insurance was a condition of approval. Unfortunately Mrs B has not given any testimony about what precisely she says happened at the meeting and so I do not know which of these options she says is correct.

Lloyds has provided me with a copy of Mrs B's credit application. I can see that the PPI appears under the heading "*TSB Credit Card Payments Insurance*". I can also see that there is a tick box which has been ticked. The agreement is not easy to read because of the quality of the copying but, looking at the agreement, it seems likely to me that Mrs B has ticked to purchase the PPI. And the fact that she has had to select it leads me to think she would have realised she had a choice about doing so. So I think on balance that Mrs B knew she had a choice about buying the policy. I can also see nothing in the documentation to suggest that purchasing the PPI would assist Mrs B's chances of approval and, given the lack of any detail about this, I am not satisfied that Lloyds misrepresented this optional policy in this way.

was the policy suitable?

The parties agree this was an advised sale which means Lloyds needed to take adequate steps to ensure the policy was suitable for Mrs B's circumstances and needs. Mrs B says that a full review of her circumstances was not carried out and the policy was not suitable for her. Having considered the evidence and, in particular, Mrs B's circumstances at the time, I think that the policy was suitable for her because:

- Mrs B was eligible for cover under the policy.
- Mrs B had no entitlement to sick pay (I assume apart from statutory sick pay). This means that if Mrs B could not work the household would suffer a substantial drop in income and I think the policy could have been of some use in those circumstances.
- Because the household would have suffered a drop in income if Mrs B could not work, I do not think the fact that Mr B was also working made the policy unsuitable.
- Mrs B does not appear to have been adversely affected by any of the policy's significant or unusual terms.
- The policy's cost and benefit were competitive when compared with other similar policies available at the time.
- It does not appear that the policy was unaffordable for Mrs B.
- The policy was not otherwise unsuitable.

was Mrs B given information that was clear, fair and not misleading?

Lloyds also needed to give Mrs B sufficient information that was clear, fair and not misleading to allow her to make up her own mind about the insurance. Mrs B says this was not done. She says she was not made fully aware of the cost implications of the policy and was not told she could seek cover elsewhere. Lloyds says that a policy booklet was available and that Mrs B would have been given the required information to make her choice about the policy. But I do not know what precisely should have been discussed with Mrs B nor do I know when the policy booklet would have been given to Mrs B and under what circumstances she was able to consider this. So I am not satisfied that Lloyds sufficiently drew the policy's costs, benefits and main exclusions to Mrs B's attention.

I must then go on to consider whether clearer information would have changed Mrs B's mind about buying the policy. For the same reasons as the policy was suitable, I do not think it would have. Having considered the evidence I think that Mrs B chose to buy the policy as she saw it as offering some useful cover at an acceptable price and I do not think clearer information would have changed her mind about that.

I should finally add that I do not think Lloyds needed to tell Mrs B she could have sought cover elsewhere. As I say above, I am satisfied that Mrs B knew she could refuse the

insurance and so, if she did not think the policy met her needs, I am satisfied she would have realised that she could seek alternative cover elsewhere.

my final decision

For the reasons given above I do not uphold this complaint and I make no award against Lloyds Bank PLC.

Ross Crawley
ombudsman