

## **complaint**

Mr M complains that he was mis-sold a monthly premium payment protection insurance (“PPI”) policy by Lloyds TSB Bank Plc (“Lloyds”), which was taken out in connection with a credit card.

## **background**

The adjudicator, who considered this case, issued an opinion not to uphold Mr M’s complaint. Mr M does not accept this opinion and the case has been referred to me to decide.

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

The relevant considerations in this case are materially the same as those set out in our well-established general approach to complaints about the sale of PPI, which is published on our website. The key questions I need to consider are whether:

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

However, before addressing these two questions, I have considered whether the optional nature of the PPI policy was made clear to Mr M, as he says that it was not.

### *did Mr M opt to take out the policy?*

It appears that Mr M made a credit card application (which included reference to PPI) during an in branch meeting with one of Lloyds’ representatives. Mr M tells us that the PPI policy was presented to him as being compulsory; that he had to take it out in order for his credit card application to be successful. Lloyds says that taking out PPI was never a requirement of the obtaining the credit card.

I have considered the credit card application form signed by Mr M and can see that directly under the section that reads “optional features” there is reference to PPI. The applicant is asked to tick a box if they wanted to include PPI with their application. I note that this box has been ticked on Mr M’s application.

It is entirely possible that Mr M may have ticked this box (or allowed this box to be ticked on his behalf) because he was under the impression from Lloyds’ representative that he had to take out the PPI. However, I hope that Mr M appreciates that in the absence of a more detailed account from him as to what was said or done by the representative during the meeting he attended for him to form this impression, I am unable to safely conclude that the optional nature of the policy was not made clear to him.

On the balance of probabilities, I am persuaded that he opted to take out PPI because he wanted the policy at the time.

*was the policy recommended to Mr M and if so, was it a suitable recommendation?*

Lloyds tells us that it did advise Mr M to take out the policy, whereas Mr M cannot recall. In the absence of any further evidence, I am persuaded that he was advised to take out the policy.

I have carefully considered whether the policy was a suitable recommendation for him. I am satisfied that it was, given Mr M's circumstances at the time the policy was taken out. I say this because:

- Mr M was eligible for the PPI cover. Although Mr M says that he was self-employed; on his credit card application, the box has been ticked stating that he was employed and had been for four years at the time.
- Although the policy included conditions limiting the cover for some people (the most significant affecting those with pre-existing medical conditions at the time the policy was taken out or those with more unusual employment arrangements), these restrictions, it seems to me, did not apply to Mr M. Therefore, he could have benefited from the full extent of the policy, if necessary.
- I have not seen any information to make me think that the policy was not affordable for Mr M.
- The cost of the policy was relatively competitive (77p for £100 of the outstanding credit card balance) and would not have made the policy unsuitable for Mr M.
- The policy provided a potentially valuable benefit to Mr M. If Mr M was unable to work through sickness, accident or if he met the policy definition of unemployment, the policy would have paid 10% of his outstanding credit card balance at the date on which the sickness, accident or unemployment occurred for a maximum of 12 months (or until the account was cleared).

When making this finding I have taken into account that Mr M tells us that he had personal savings at the time of taking out the policy. However, I am not persuaded that this factor alone made the policy unsuitable. In the event of a successful claim under the policy, it would have paid more than his minimum monthly credit card payment and Mr M could have used his savings for other purposes if he was not working and without a regular income.

*did Mr M have enough information to make a properly informed choice?*

I have also considered whether Mr M was given information that was clear, fair and not misleading to enable him to make an informed choice about whether to take out the PPI policy.

Mr M says that he was not informed of certain terms of the policy. Although there is a brief mention of costs, the credit card application form provides very little information about the significant features of the policy. Because I do not know for sure what was discussed at any meeting attended by Mr M, I am unable to say whether more information was given to Mr M at the meeting. Further, although I have seen a copy of the PPI policy, I do not know whether Mr M did receive the policy and even if he did, whether he read it.

It is therefore possible that not all of Mr M's information needs were met. However, even if this was the case, I am not persuaded that he would have acted differently and not taken out the policy if he'd been given better information. I say this because I've already concluded that it's most likely he wanted this type of insurance. And given my findings on suitability above, the features of the policy do not appear inappropriate for someone in his circumstances.

**my final decision**

For the reasons set out above, I do not uphold Mr M's complaint against Lloyds TSB Bank Plc.

David Johnson  
**ombudsman**