



complaint

Mrs D complains that Lloyds TSB Bank Plc (“Lloyds”) mis-sold a payment protection insurance (“PPI”) policy to her in December 2002 in connection with a credit card application.

background

The background to the complaint is set out in the adjudicator’s assessment of January 2013.

The adjudicator did not uphold Mrs D’s complaint and Mrs D has asked for this assessment to be reviewed. It therefore falls to me to make a decision on the complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. This includes taking into account the law, good industry practice and any guidance relevant to the complaint at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out on our website explaining how we deal with PPI complaints.

The key issues therefore that I need to consider in this complaint are:

- whether Lloyds gave Mrs D information that was clear, fair and not misleading so that she was in a position to make an informed choice about whether to purchase the policy; and
- whether in giving any advice or recommendation, Lloyds took adequate steps to ensure that the policy was suitable for Mrs D’s needs.

If there were shortcomings in the way in which Lloyds sold the policy, I then need to consider whether Mrs D is worse off as a result. That is, would Mrs D be in a different position now if there had not been any shortcomings?

Mrs D cannot recall how the policy was sold, which is understandable given the passage of time. Lloyds have stated that the sale took place during a meeting at Mrs D’s local branch and was an advised sale. I see no reason to dispute Lloyds’ submission. I will therefore treat the sale of the policy as an advised sale. As such, Lloyds had a duty to recommend a policy that was suitable to Mrs D and her specific needs in accordance with the second key issue above.

However, before I turn to the two key issues, I must address a preliminary point, as Mrs D has stated that she was not made aware that the policy was added to her credit card, nor was she given any explanation of the policy terms.

I have reviewed the evidence carefully on this point, in particular, the credit card application form, which states:

“Optional Features

Asset Payment protection (one box must be ticked)

For the additional peace of mind of knowing that you can continue to meet your minimum credit card payments even if you can't work due to accident, sickness or unemployment, you can take out Asset Payment Protection.

Tick yes to take out the Payment Protection Cover and protect your payments.

If you do not wish to protect your payments, tick No."

The Yes box has been ticked, and Mrs D has signed and dated the application form in the box almost adjacent to the tick. I cannot determine if Mrs D ticked this box (and the other boxes on the application form), but I am satisfied that Mrs D signed the application form. By doing so, I consider that it is likely that she would have been aware *at that time* that she was agreeing to take out the policy, although I do not doubt that she had a different recollection after the event. I will deal with Mrs D's complaint that an explanation of the policy was not provided to her below under the information requirement.

I will address first of all the key issue of whether in giving any advice or recommendation, Lloyds took adequate steps to ensure that the policy was suitable for Mrs D's needs. It is my view after reviewing the evidence carefully that Lloyds did take adequate steps to ensure the suitability of the policy for Mrs D's needs. I say this because I have not seen anything in the evidence to indicate that Mrs D did not have a need for the policy. In particular:

- Mrs D appears to have fulfilled the conditions of eligibility for the policy.
- Mrs D was not affected by any of the significant exclusions or limitations of the policy at that time, such as a pre-existing medical condition or unusual terms of employment.
- While Mrs D has indicated that she had alternative family support to call upon in the case of sickness or unemployment, that does not, of itself, negate the value of the policy and the benefits it offered her. Mrs D has stated that she would not have received sick pay from her employer in the event of absence from work. Given this, the benefits that the policy would have provided in the event of an accident or sickness would no doubt have been useful to her at what would have been a difficult time.

For the above main reasons, I do not consider that the policy was unsuitable for Mrs D's circumstances.

Turning now to the second key question, namely whether Lloyds gave Mrs D information that was clear, fair and not misleading so that she was in a position to make an informed choice about whether to purchase the policy. Mrs D states as part of her complaint that she was not provided with an explanation of the policy. I have concerns that there were shortcomings in the information about the policy provided to Mrs D. I am unable of course to determine what was said during the course of the meeting, so I must rely upon the documentary evidence submitted. From this, I am not satisfied that the ongoing cost of the policy was stated in sufficient detail, and with sufficient clarity, to Mrs D. The cost of the policy at the point of sale was 75p per £100 of the outstanding card balance as at the statement date, in exchange for a monthly benefit of 5% of that balance for up to 11 months per claim. The policy would also pay off the outstanding balance if a claim went to a twelfth month, or in the unfortunate event of Mrs D's death. However, whilst this information is stated within the policy booklet, there appears to be no reference there to the fact that the policy premium would have to continue

to be paid during a claim. This, in effect, would reduce the monthly benefit amount, and is something that Mrs D should have been made aware of. To omit this information would be a shortcoming in the information provided.

However, although it is my view that there may well have been shortcomings, including the reference to the true cost if a claim was made, I am not persuaded that Mrs D would have decided against purchasing the policy if she had been properly advised and informed. Given the benefits provided by the policy and the information that Mrs D has provided about her broader circumstances at the time of the sale, I do not consider that I can fairly conclude that Mrs D would have acted differently and not purchased the policy, had she been properly advised and informed. I have carefully considered all of Mrs D's submissions in respect to her claim, but this does not alter my view. I appreciate that this will come as a disappointment to Mrs D.

It follows that I do not uphold the complaint.

my final decision

For the reasons given above, I do not uphold this complaint. I make no award against Lloyds TSB Bank Plc.

Danny Willingham
ombudsman