

complaint

This complaint is about a regular premium payment protection insurance policy ('PPI') sold by Lloyds TSB Bank Plc in conjunction with a credit card in 1997. Mrs B believes this was mis-sold.

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. 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. And it seems to me this reflects the relevant issues I need to consider in this case.

The key questions I need to consider therefore are:

- if Lloyds TSB 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 TSB 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.

If Lloyds TSB 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.

In this case it is not in dispute a recommendation was made. So not only did Lloyds TSB need to provide her with clear, fair and not misleading information it also needed to take reasonable steps to ensure the policy was suitable for her needs

was the optional nature of the policy made clear to Mrs B?

It seems likely this sale took place at a meeting in branch and I cannot know exactly what was said at that time. However, I have seen a copy of Mrs B's application form. I note information about the PPI policy is contained in a separate section headed '*Optional Features*' which contains boxes to tick if someone wishes to take this out. On Mrs B's form the box to take out the policy has been ticked and she has signed the form. I also note she appears to have decided against some of the other options contained within this section.

Mrs B says she was told to take the insurance in case she was out of work or sick. But as this was a recommended sale it seems to me possible what she was told was she should, rather than must, take out the policy in order to protect her repayments if she was not working. I am also mindful of the fact the sale took place sixteen years ago and it is perhaps inevitable the passage of time will make exact recall of what took place more difficult; I note Mrs B has said she could not remember how the policy had been sold to her. As a result I do not feel her submissions are strong enough to enable me to safely conclude Lloyds TSB did not make her aware she had a choice over taking out this policy.

Mrs B also says Lloyds TSB's records are inaccurate because it told us she took out her card on 22 December but she recalls doing so on 1 December. However, as her credit card

application is dated 16 December it seems to me the account opening date Lloyds TSB has quoted is likely to be correct.

was the policy suitable for her?

I do not consider the policy, for which Mrs B appears to have been eligible, was unsuitable given her circumstances at the time. The policy did contain significant exclusions and limitations, for example relating to pre-existing medical conditions, which should have been considered as part of an assessment of suitability. I am not clear how this was done. However, her circumstances do not suggest to me she would have expected to be caught by any of the main exclusions that might limit the usefulness of this type of policy (in the event she needed to make a claim). For example she was not self employed and does not appear to have been suffering from any pre-existing medical conditions.

It also seems Mrs B had some need of the policy. She told us she would not have received any pay from her employer if not working as a result of sickness. Even if she did I think it most likely this policy would have provided some enhancement of any existing provision. And it does not appear she had any other policies or savings which would have enabled her to meet her repayments. So I do not feel it was inappropriate of Lloyds TSB to recommend a policy to her that would have ensured she was able to do so.

did Lloyds TSB meet her information needs?

I am not clear Lloyds TSB fully met Mrs B's information needs. It appears details of the policy should have been provided with her application form but I do not know whether this was done. And even if it was I do not know if this information would have been clear to her. However, as set out above, it does not appear she would have been affected by any of the significant exclusions or limitations of the policy.

I do have some concern she does not appear to have been provided with clear information about the costs and benefits of the policy. The credit card application form does not appear to provide the monthly cost. Nor is it prominently highlighted that premiums would still need to be paid even if a claim for accident, sickness or unemployment was in payment (effectively reducing the value of any benefit) or that the premium would be interest bearing.

The question I must then consider is whether Mrs B would have acted differently if more information on this had been provided to her. Lloyds TSB has not been able provide exact cost and benefit information for this policy but believes the cost would have been between £0.59 and £0.79 for every £100 of the balance outstanding on the card and it would have paid 10% of that balance in the event of a successful claim. However, based on our experience of similar policies from the time I think it possible the benefit would have been 5% of the outstanding balance for up to 11 months, with the payment in month 12 clearing the outstanding balance.

If this was the case it is a lower benefit than other similar policies on the market would have provided. However, even if the cost was at the higher end of the scale Lloyds TSB has quoted this was still relatively competitive and it does not appear unaffordable for someone in Mrs B's circumstances. As she appears to have had some need of this policy (which would have ensured her monthly credit card repayments were met) I think it unlikely that additional information on the cost and benefit of it would have put her off taking it out.

summary

For the reasons set out above I do not believe I could safely conclude Mrs B was not aware of the optional nature of this policy. I am satisfied it was a suitable recommendation for her. And I am not persuaded she would have acted differently even if she had been provided with clearer information about, in particular, the costs and benefits of the policy.

other issues

In response to previous correspondence on this complaint Mrs B raised concerns about her account being transferred from one Lloyds TSB branch to another as well as issues that appear to relate to a different credit card. I should point out the complaint I have considered relates to the PPI Mrs B took out when she applied for a credit card on 16 December 1997. Any concerns she has about other issues would need to form part of a separate complaint.

my final decision

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

James Park
ombudsman