

complaint

Miss M says Bank of Scotland plc ("Bank of Scotland") mis-sold her payment protection insurance ('PPI').

background

Miss M took out a credit card with Bank of Scotland in 1995, purchasing PPI alongside the card to protect her repayments in the event of accident, sickness and unemployment. She took the card, and PPI, by completing and returning a postal application.

Miss M has raised a number of concerns about the sale. Our adjudicator recommended that the complaint should not be upheld. Miss M disagrees so the complaint has come to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In doing so, I've taken into account our approach to complaints about PPI which can be found on our website. In particular, I think it worth highlighting that where evidence is incomplete or matters are in dispute – as they are here – I look at what is most *likely* to have happened given the evidence that is available and the wider circumstances at the time. I recognise that Miss M thinks this approach isn't thorough enough and that we should decide matters "beyond any reasonable doubt". But we were set up to provide a free and informal dispute resolution service. We were not set up to replicate the approach a court (or other bodies) would take. It's also worth noting that we don't necessarily uphold a complaint even if we find something has gone wrong. We also need to be satisfied that the customer would have acted differently had there been no such failings.

With this in mind, I've decided to not uphold Miss M's complaint for the reasons given below.

The section that relates to PPI on Miss M's postal application form reads as follows:

"PRINCIPAL CARDHOLDER'S APPLICATION AND CONSENT

- ☐ *Please issue a Bank of Scotland Affinity MasterCard to me.*
- ☐ *Please arrange Credit Care insurance cover to protect my repayments. I confirm that I am in full or part-time employment, working at least 16 hours per week, and aged between 16 and 65 years. A specimen policy is available on request from Card Services*
- ☐ *Please arrange Card Protection Plan to protect ALL my Cards against loss or theft..."*

Miss M ticked the first two boxes (and signed and dated the overall application form). She says that the format of this particular section of the application form was misleading, the information provided on PPI wasn't satisfactory and that ticking a box without receiving any advice is an unacceptable way of buying a financial product.

I disagree with Miss M that the PPI was mis-sold just because she didn't receive any advice about the product. In principle, I see no reason why individuals shouldn't be able to buy financial products without having to go to a branch or seek financial advice. And I note that

Miss M seemed comfortable applying for her credit card in this way. I also disagree with Miss M that including the PPI option in the “application and consent” section of the form created an obligation on the customer’s part to tick all the boxes, and that the lack of a ‘no’ box means PPI wasn’t presented as being optional. After all, Miss M didn’t tick the box for the card protection plan which suggests she didn’t feel so misled, or pressured, by the form that she felt obliged to take all the extra products on offer.

However, I do agree with Miss M that the application form wasn’t as clear as it should have been. There’s no evidence that any further information on the PPI was provided with her application form. And, as Miss M points out, having to request policy details *after* she decided to purchase the product isn’t satisfactory. The cost of the PPI isn’t made clear either. So the question I need to answer is whether this lack of clarity would have made a difference to Miss M’s decision to take out PPI. And I don’t think it would have done.

I say this because the policy would have paid benefits if Miss M was made unemployed or was off sick. I acknowledge that Miss M may have received sick pay from her employer (although, understandably, she can’t remember if she would have done or how much). But the PPI would have paid out in addition to any sick pay she may have had and for longer than full sick pay is typically paid by employers. And whilst Miss M’s parents may have been in a position to pay off her credit card bills if she wasn’t in a position to do so herself, there’s no guarantee that their circumstances would have allowed them to do this when needed. As Miss M has not told us of having any other means to fall back on, it seems to me that she would have found it difficult to meet her living expenses *and* credit card repayments if she couldn’t work. I’m also mindful that the costs and benefits of the policy – based on the information we have – appear competitive relative to others in the market.

Taking all the above into consideration, I think Miss M would have bought the policy if she’d understood its costs and benefits. So, even though the information provided by Bank of Scotland was not as good as it should have been, I don’t uphold Miss M’s complaint on this point.

Finally, Miss M has queried why she has received a refund on some PPI premiums she paid in relation to her Bank of Scotland credit cards. But I note that it was the business’s decision to offer Miss M a refund for those premiums. In this particular case, the business has argued that the PPI premiums shouldn’t be refunded. And, for the reasons given above, I agree.

I recognise Miss M feels very strongly about the issues she has raised, and I know she will be disappointed by my decision. But having carefully reviewed all the available information, I don’t uphold her complaint.

my final decision

For the reasons given above, I’ve decided not to uphold Miss M’s complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss M to accept or reject my decision before 11 April 2016.

Christian Wood
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