

complaint

This complaint concerns the sale of a regular premium payment protection insurance (PPI) policy taken out in 2000 and attached to a credit card. Mr A says that The Royal Bank of Scotland Plc (RBS) mis-sold the policy.

background

I issued my provisional decision in November 2013. A summary of the complaint and my findings are set out below:

- I concluded that the policy was not recommended to Mr A. Although the leaflet Mr A completed strongly recommended the policy, I found that this was a generic recommendation not specific to him.
- I was satisfied that Mr A signed the application form and ticked the relevant box consenting to the PPI.
- Mr A thought that reference to 'cardholder protection plan' on his monthly statements from 2001 at least (which was the PPI) was a charge for having a credit card and the inherent protection this provides.
- I did not conclude that Mr A was unaware that he was paying for the PPI as he had said. Though I accepted this was possible, it was as likely that he did consent to it but had forgotten. After all, the sale took place more than 13 years previously.
- Mr A explained that he was not entitled to any sick pay but could have relied on his parents and/or grandparents for help if needed.
- In my judgement I found that the benefit that the policy provided – 10% of the outstanding balance for up to 12 months in the event of unemployment or disability – would have been attractive to Mr A. He had very limited means of meeting his repayments. I found that relying on family was an unreliable means of protecting his debt to the credit card company.
- I agreed that it was unlikely that the cost was made clear to him at the point of sale. The application form did not include this information. But it was not unaffordable for Mr A and he was not caught by the more restrictive policy terms and conditions that might have prevented him from making a valid claim. Overall, the policy was competitive for the PPI market.

my findings

I can confirm again that in reaching my decision I have taken into account the law, guidance and good industry practice that I consider to be relevant to reaching a fair and reasonable outcome to this dispute.

RBS did not respond to my provisional decision. Mr A did. A summary of his concerns and my response is outlined below:

1. Mr A was astonished by my provisional decision and could not understand why I found in RBS' favour.

2. The application form did not mention the monthly cost of the PPI. Had Mr A known this information, he would not have taken it out.
3. When RBS sent Mr A a statement outlining the annual cost of his PPI he was shocked and moved to cancel the cover. However, RBS does appear to have outlined the monthly cost of the PPI – from as far back as 2001 (the earliest statement available). And my experience of RBS credit card PPI at the point of sale is that it would have been on his statements from the beginning. It is unfortunate that Mr A confused what the payment was, but this does not mean that RBS did not highlight it.
4. Mr A says that he did not take out separate 'card registration cover' because this was priced on the application form and he did not want to pay it. This therefore shows that he would not have paid for PPI. But I do not agree that one necessarily follows the other. It is quite possible that Mr A made a conscious decision in relation to one of the additional extras by taking PPI, just as he did with the card registration cover, which he did not.

Furthermore, if Mr A thought the reference to 'cardholder protection plan' (as the PPI was initially described on his statements) was a cost associated with having a credit card, this appears to be replicated in the description on the application form for the 'card registration cover' – protection against loss or theft. So if Mr A knew he didn't want that, so did not select it, I would have expected him to have queried the 'cardholder protection plan' cost much sooner than he did.

5. Mr A says that I made assumptions in relation to the resources of his family who he says are successful business people. As such, help was readily available. When I consider a case of this nature, where the evidence is limited chiefly due to the passage of time, I weigh up the circumstances on a balance of probabilities. This does not deal in absolutes. So Mr A is right when he indicates that I cannot know what his families resources were likely to be. But I can make a reasoned judgement.

Events in recent years have shown the volatility of the financial market and the impact it can have on people who had every reason to believe that their circumstances were secure. Of course, financial institutions have not been immune to this volatility but there is added government backed protection built into many financial activities such as this one. So it is quite right that I cannot say for certain what or who Mr A could have relied upon, but it is quite possible that Mr A might have been unable to rely on the support of his family as he might have envisaged.

6. Mr A says that he has never taken PPI before and is an honest and hardworking person. I do not doubt this at all. But it remains that the PPI provided a protection that Mr A did not otherwise and securely have. Factoring in that the sale took place such a long time ago, and that memories fade (particularly when considering an otherwise routine financial transaction) and that Mr A consented to the PPI, I cannot conclude that it was mis-sold.

my final decision

For the reasons outlined above I do not to uphold Mr A's complaint against The Royal Bank of Scotland Plc.

Michael McMahon
ombudsman