

## **complaint**

This complaint concerns a regular premium payment protection insurance (“PPI”) policy sold in conjunction with a credit card in March 1999. Miss A says that Lloyds Bank PLC (“Lloyds”) mis-sold the policy.

## **background**

Our adjudicator concluded that the policy was not mis-sold and therefore did not uphold Miss A’s complaint. Miss A does not agree with this view and so the matter has been referred to me for a final decision.

## **my findings**

I have provided only a brief summary of the complaint above but in reaching my decision I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken into account the law and good industry practice applicable at the time the policy was sold.

Having done so, I think the relevant considerations in this case are the same as those set out in the technical note on our website which explains our approach to complaints about the sale of PPI.

Lloyds accepts that this was an advised sale. The key issues that I need to consider therefore are:

- whether Lloyds gave Miss A information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance that she was buying; and
- whether, in giving any advice or recommendation, Lloyds took adequate steps to ensure that the product it recommended was suitable for Miss A’s needs.

If Lloyds did something wrong when selling the policy, I will then consider whether Miss A would have acted differently if it had not done so.

Having carefully considered all of the arguments put forward by the parties and all of the evidence available, I’ve decided not to uphold this complaint.

### was the policy presented as optional and did Miss A consent to its addition?

The main substance of Miss A’s complaint is that she says she never asked for PPI and that it was added onto her card without her consent. Miss A has provided documentation confirming that she was unable to work for a considerable period due to a medical condition which occurred about a year after the policy was sold. Miss A says she had to take out a loan in order to repay her debts in 2009 and that had she known she had PPI she would have made a claim.

Lloyds says that it has never been a requirement to take PPI in order for a credit card application to be approved.

It is agreed between the parties that the sale took place during a meeting. Of course, I can't be sure as to what Miss A was told during this meeting. Miss A's recollections about what was said are not particularly detailed. This is understandable – the sale took place over 15 years ago now but I am mindful that with the passage of time, her memory is likely to have faded. There is evidence of this in Miss A's complaint as she was unable to recall the date of sale and initially said that the PPI was attached to a loan when in fact it was a credit card. Whilst I do not doubt that her submissions represent her honest and best recollections of what took place, when deciding how much weight to give to them (when considering what most likely happened) I must also consider the other available evidence, such as the documentation from the time of sale.

Lloyds has provided a copy of Miss A's credit card application from the time of sale. There is reference to PPI under the 'optional features' section. I can see that Miss A has placed a tick in the box which says "yes, I wish to take out card payment protection (at 77p per month per £100 outstanding balance) and protect my payments should I be made unemployed or be off work due to accident or sickness". There is an equally prominent box underneath this which says "no, I do not wish to protect my credit card payments and acknowledge that as always, I remain responsible for all payments even if I am not able to work". This box has been left blank. I can see that Miss A has also ticked for a PIN but declined other services, such as 'card registration and protection' and 'balance transfer'. She has signed the bottom of the form.

So I think in light of these options and the selections that Miss A has made, she would have been aware that she had a choice between all these products and that PPI was an optional extra.

I have carefully considered what Miss A has said about not consenting to the PPI but the evidence suggests to me that Miss A did request PPI by ticking the box and signing the form. There is nothing to suggest that it was added without her knowledge or consent or that it was a compulsory product that Miss A had to take. Whilst I acknowledge the fact that Miss A doesn't appear to have made a claim on her policy when she was off work for some time the following year, it doesn't follow that the PPI was added without her knowledge at the time. I don't know why Miss A didn't make a claim at the time but I think, based on the evidence I have seen, that it is more likely she forgot she had PPI on her card, rather than it being added without her consent.

#### was the policy suitable for Miss A?

As this was an advised sale, Lloyds needed to take reasonable steps to ensure that any recommendation was suitable for Miss A. Having considered Miss A's personal circumstances at the time of sale, I don't think that it was unsuitable. I say so for the following reasons:

- Miss A was eligible for the policy as she was in employment and has told us she was in good health at the time of sale. So I can't see that she would have been caught by any of the significant limitations or exclusions such as unusual employment terms or pre-existing medical conditions which might limit the value of the policy to her or make it unsuitable.
- The PPI provided cover in the event that Miss A was unable to work due to accident, sickness, unemployment or in the event of her death. Miss A has told this service that

she would have been entitled to six months' sick pay from her employer at that time but that does not mean that she didn't have a need for cover. The policy provided cover for up to 12 months per claim and would have likely paid significantly more than Miss A's minimum credit card repayment each month at 10% of her outstanding balance. The PPI was an enhancement to her existing employer benefits, paying out in addition to them. It also covered redundancy. So although there may have been some duplication of cover in the first six months in respect of accident or sickness, Miss A would inevitably have other household expenses to meet in the event that she was off sick or lost her job. The PPI was intended to remove the additional pressure of maintaining her credit card repayments at what might otherwise be a difficult time financially.

- Miss A has told this service she didn't have any other means, such as savings which might have helped her make her repayments at that time. I note what she says about her partner being able to help out with the repayments if she needed it. Whilst I do not doubt that they would have wanted to help out, this would not have been guaranteed – peoples' circumstances change and I don't consider this to be a reliable, alternative source of income.
- The policy premium was 77p per £100 of the outstanding balance. I haven't seen any evidence to suggest that this was unaffordable or unacceptable to Miss A at that time.
- The policy was flexible as it could be cancelled at any time with notice.

In summary, I'm not persuaded that the policy was unsuitable for Miss A bearing in mind her circumstances at that time.

were Miss A's information needs met?

Lloyds also had to ensure that the information it provided to Miss A was clear, fair and not misleading.

I don't have all the documents from the sale in this case and I can't know precisely what was said during the meeting. So I accept that there may well have been shortcomings with the information that Miss A was provided with during the sales process.

From looking at the credit card application, I don't think it would have been clear to Miss A how much this policy cost *in real terms*. And I don't think she would have understood that she would have to keep paying for the policy during a claim or that the premium would potentially attract interest along with the rest of the balance. I think this would have made it difficult for Miss A to calculate the true cost and benefit of the policy based on her future expenditure.

However, given her circumstances at the time and for the same reasons that I don't think the policy was unsuitable for Miss A, I don't think the provision of better or clearer information would have made a difference to her decision to buy the policy. I think that she had a need for cover. And whilst I accept there were probably failings in the way the policy was sold, I don't think these would have ultimately affected her decision to take it out.

It follows that I do not uphold this complaint.

**my final decision**

For the reasons set out above, my final decision is that I do not uphold Miss A's complaint and make no award against Lloyds Bank PLC.

Rebecca Wood  
**ombudsman**