complaint

Mr A says he was mis-sold a payment protection insurance ("PPI") policy by Lloyds Bank PLC ("Lloyds"). He says the policy was added without his agreement.

background

Mr A successfully applied for a credit card with Lloyds in March 1998. PPI was added from the start. The insurance protected Mr A's card repayments if he couldn't work because of accident, sickness or redundancy. If he made a claim, the insurance would pay 10% of the card's outstanding balance each month until Mr A went back to work. Claims would be paid for up to 12 months. The PPI cost was based on Mr A's monthly outstanding balance. Each month, the premium was added to Mr A's statement balance like any other transaction.

At the time of sale Mr A was employed. He says that, if he couldn't work because of illness, he would have received statutory sick pay from his employer. He had no other ways of making repayments if he couldn't work.

my findings

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 considered the law, any regulatory rules and good industry practice as they were at the time of sale.

Our general approach to PPI complaints is available on our website. And it seems to me that this approach deals with the relevant issues in this complaint. In short, the questions I will ask myself are:

- if Lloyds gave any advice or recommendation about buying the insurance, did it take adequate steps to ensure the product it recommended was suitable for Mr A's needs?

- and did Lloyds gave him sufficient information that was clear, fair and not misleading so that he could make up his own mind about whether or not to buy the insurance? and finally,

- if Lloyds did something wrong when selling the policy, does it need to do anything to put things right?

I also need to consider if Mr A agreed to buy the policy.

did Mr A agree to buy the policy?

Mr A says that he applied for the credit card over the phone. The paperwork was completed and then sent to him to sign and return. He says the PPI was added without any discussion. Lloyds says Mr A applied for the policy in branch. Lloyds has given me a copy of the agreement Mr A signed.

Given the length of time since this sale, it's not surprising that there is some disagreement about how the policy was sold. But ultimately, I don't think I need to come to a firm conclusion on whether this was sold in branch or over the phone. That's because, however the application was completed, in this particular case there is no dispute that Mr A had a discussion with one of Lloyds' staff members and that the member of staff completed the form as a result.

I can't know what happened for certain. So I will decide what I think is more likely than not. Having considered everything that Mr A and Lloyds have said, I think it's likely that Mr A agreed to buy the PPI. I say that because a box had to be ticked to buy the PPI. And this appears under the heading "Optional Features". Some of the features were chosen (such as receiving a PIN) and others were not (e.g. the card registration and protection product). So it seems likely to me that Mr A discussed these options with Lloyds' representative and made choices about them. I think this would have included the PPI. For those reasons, I think Mr A chose to buy the insurance.

was the policy suitable?

Mr A says that Lloyds didn't recommend the policy to him. Lloyds said it did. However it was sold, Lloyds needed to give Mr A enough information so that he could make his own mind up about buying the insurance. If it recommended the policy to him, then Lloyds also had to take adequate steps to make sure the policy was suitable for him. I have considered what I know about Mr A's circumstances at the time. And I think that, even if Lloyds did recommend that he buy the policy, the insurance was suitable for him because:

- Mr A was eligible for cover under the policy.
- I think Mr A chose to buy the insurance so I think he was interested in this type of cover.
- While Mr A had another insurance policy, this only covered Mr A if he was diagnosed with a critical illness. This policy covered Mr A if he couldn't work because of other accident or sickness. It also covered him if he was made redundant.
- Mr A wouldn't have received any contractual sick pay from his employer and had no other ways of making repayments if he couldn't work. The insurance would help to meet Mr A's card repayments for up to 12 months.
- The policy's cost and benefit were competitive when compared with other similar policies available at the time.
- The policy was not apparently unaffordable for him.
- Mr A wasn't adversely affected by any of the policy's significant or unusual terms.
- The policy doesn't appear to have been otherwise unsuitable.

was Mr A given enough information?

Lloyds has been unable to give me much information to show that the policy's significant or unusual terms were drawn to Mr A's attention. But for the same reasons as the policy was suitable I don't think this would have made a difference to Mr A's decision. I think that Mr A chose to buy the insurance because he saw it as offering him a useful benefit at an acceptable price and I think it's unlikely that clearer information would have changed his mind about that.

my final decision

For the above reasons I don't uphold this complaint. I make no award against Lloyds Bank PLC.

Ross Crawley
ombudsman