

## **complaint**

Mr L complains that he was mis-sold a monthly premium payment protection insurance ("PPI") policy by Lloyds Bank PLC ("Lloyds"), which was taken out in connection with a credit card.

## **background**

The adjudicator, who considered this case, issued an opinion not to uphold Mr L's complaint. Mr L does not accept this opinion and the case has been referred to me to decide.

## **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. In doing so, I have taken into account the law and good industry practice at the time the policy was sold.

The relevant considerations in this case are materially the same as those set out in our well-established general approach to complaints about the sale of PPI, which is published on our website. The key questions I need to consider therefore are whether:

- Lloyds, in giving any advice, took adequate steps to ensure that the product it recommended was suitable for Mr L's needs; and
- Lloyds gave Mr L information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about the insurance he was buying.

However, before addressing these two questions, I have considered whether the optional nature of the PPI policy was made clear to Mr L, as he says that it was not.

### *did Mr L opt to take out the policy?*

Mr L cannot recall how the PPI policy was sold to him. Lloyds say it was sold during a face to face meeting in branch.

In the absence of any information to the contrary, I accept Lloyds account and find that the sale did take place at a face to face meeting with one of its representatives.

Mr L says that he did not realise that PPI had been included with his credit card application.

He does recall being asked to provide his signature multiple times on the documentation provided by Lloyds. It has also been stated on behalf of Mr L that he does not speak good English and therefore, he may not have understood that PPI was optional.

I have no way of knowing for sure whether PPI was discussed with Mr L at the meeting (and if it was whether PPI was presented to him as optional) or whether he was asked to sign the documentation, without a proper explanation as to what he was signing. I have not been provided with a copy of the credit card application which may or may not have given me some insight as to how the PPI policy was presented to Mr L.

It is entirely possible that Mr L may not have known that PPI was being included with his credit card application and that he didn't know what he was signing for, if indeed he had signed for PPI – in the absence of the credit card application I cannot be sure that he did.

However, I hope that Mr L appreciates that in the absence of any documents from the date of sale and / or a detailed and consistent account from him as to what was said or done by the representative during the meeting, I am unable to safely conclude that the optional nature of taking out the policy was not made clear to him.

This is because it is equally possible, in my view, that the representative did discuss the PPI policy with him and Mr L opted to include it. Given the amount of time that has passed since when the PPI policy was sold to him (almost 20 years), it is entirely plausible that Mr L's account may not be accurate. I say this being conscious that memories tend to fade over time and Mr L may be genuinely mistaken in his recollection of events. Mr L himself states on his claim form to us that he cannot recall whether the policy was recommended to him, whether it was sold to him during a meeting or by telephone and his recollection of the date he says the policy is purchased was incorrect.

As such, I am unable to satisfy myself, on the balance of probabilities, that the optional nature of the PPI policy was not made clear to Mr L.

*was the policy recommended to Mr L and if so, was it a suitable recommendation?*

Mr L cannot recall whether the PPI policy was recommended to him by Lloyds' representative. Lloyds tells us that it did advise Mr L to take out the policy. Again, in the absence of any documents or other information to contrary, I am satisfied that it did.

As such, I have carefully considered whether the policy was a suitable recommendation for him. I am satisfied that it was, given his circumstances at the time the policy was taken out. I say this because:

- Mr L was eligible for PPI cover. Although he was self-employed at the time he took out the policy, this would not have prevented him from claiming under the policy as it seems that he met the requirement of being gainfully employed for 16 hours or more hours per week;
- Being self-employed didn't limit or restrict in any way Mr L's ability to claim under the policy. The policy confirms that the definition of employment includes a self-employed person.
- Although the policy included other conditions limiting the cover for some people (the most significant affecting those with pre-existing health issues at the time the policy was taken out), these restrictions did not apply to Mr L. Therefore, he could have benefited from the full extent of the policy, if necessary.
- I have not seen any information to make me think that the policy was not affordable for Mr L.
- Although Lloyds has been unable to confirm the cost of the monthly PPI premium, I share the view of the adjudicator that in our experience of similar Lloyds' policies at the time, the cost of the PPI premium is unlikely to have been more than £0.79 per £100 of the monthly credit card balance. I am therefore satisfied that the cost of the policy would not have made the policy unsuitable for Mr L.

- At the time of taking out PPI, I find that Mr L had a need for the policy. Being self – employed, Mr L would not have benefitted from receiving his normal wage if he was unable to work through sickness or accident. Whilst Mr L informs us that his wife was also in situ in the business and family members would step in to help run his business (if he was unable to work through accident or sickness), the purpose of the PPI policy was to pay 10% of his monthly balance immediately prior to the commencement date of the claim (up to a maximum amount each month).
- the policy would have also potentially paid out if his business ceased trading. If Mr L made a successful claim under the PPI policy, it would have paid 10% of the outstanding balance (for a maximum of 12 months), if he was off work through sickness or accident or if he met the definition of unemployment contained in the policy. Whilst it is possible that he may have received financial support to pay any credit card balance, the policy could have provided him with a potentially valuable benefit.

I am therefore satisfied, overall, that the policy was suitable for Mr L's needs.

*did Mr L have enough information to make a properly informed choice?*

I have also considered whether Mr L was given information that was clear and not misleading to enable him to make an informed choice about whether to take out the PPI policy.

As I do not know for sure what was discussed at the meeting, I am unable to say whether his information needs were met or whether the significant features of the policy were adequately brought to his attention. Further, although I have seen a copy of the PPI policy that Lloyds says would have been provided to Mr L, I do not know whether he did receive it, whether it was provided to him at or after the meeting and even if he did receive it, whether he read it.

I note that the PPI policy itself does not contain all of the necessary information, such as the cost of the monthly PPI premium.

However, I hope that Mr L appreciates that given my findings about suitability above, even if there were any significant features of the policy that were not brought to his attention (which it is entirely possible that they weren't), I am not satisfied that these would have impacted on his decision to take out the policy.

On balance, I think he would have acted in the same way. I say this given my findings above that the policy was presented to him as optional and it appears that:

- It was affordable for him;
- The cost and benefit of the policy were relatively competitive in the market at the time; and
- He was not affected by the most significant potential exclusions and limitations of the policy.

**my final decision**

For the reasons set out above, I do not uphold Mr L's complaint against Lloyds TSB Bank Plc.

David Johnson  
**ombudsman**