

complaint

Mrs A, through her representative, complains that a payment protection insurance (“PPI”) policy was mis-sold to her by Barclays Bank Plc when she took out a Barclaycard credit card in 2001.

background

Mrs A complained to Barclays that it had mis-sold her PPI. It did not uphold her complaint and so she referred it to this service. Her main concerns are that the policy was not presented as optional and that she was told that her credit card application would be more likely to be accepted if she opted for the PPI. Her representative also says that the information about the policy was not clear at the point of sale.

Our adjudicator issued a view about Mrs A’s case in which she did not recommend that the complaint be upheld. She felt that she could not safely conclude that Barclays had not presented the PPI as optional. She also concluded that clearer information would not have affected Mrs A’s decision to take it out. Mrs A asked for her complaint to be considered by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I base my decision on the balance of probabilities – that is, what I consider is most likely to have happened given the evidence that is available and the wider surrounding circumstances.

I have taken into account the law and good industry practice at the time the policy was sold.

The questions I need to consider are:

- whether Barclays gave Mrs 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 she was buying;
- whether, in giving any advice or recommendation, she took adequate steps to ensure that the product it recommended was suitable for her needs.

If there were shortcomings in the way in which the business sold the policy, I then need to consider whether Mrs A is worse off as a result; that is, would she have done something different - ie not taken out the policy - if there had been no shortcomings.

was the policy presented as optional?

Mrs A tells us that she was spoken to by a Barclays representative who advised her to take out the PPI to help her credit card application. Her representative clarifies this by telling us that she was approached when she was in her branch accessing her current account and advised that a credit card was available, that an application would follow through the post and that she would increase her chances of getting the card if she chose the PPI.

Barclays tell us that the application for the credit card was made in response to a mailshot and has provided a copy of the completed credit card application form. It says that Mrs A completed the form in her own time and that no advice was provided.

Even if there was some discussion between Mrs A and a member of Barclays staff about the PPI (and I am not persuaded that there was) on Mrs A's testimony it would have been at least a day or two before she would have received the mailshot. Taking that into account together with the documentation provided I am not persuaded that I can safely conclude that Barclays failed to present the policy as optional.

I say this because I am satisfied that the application form presented the policy as optional and doesn't suggest that the credit card application would be dependent on the decision to opt for the PPI (or not). And I find that the clarity of the form at the point she was completing it, would have countered any suggestion she understood from bank staff to the contrary a few days earlier.

Her representative has drawn our attention to the form and the point at which PPI has been selected. He says that the form does not indicate, close to the tick box, that the PPI is optional. I accept that the word "optional" is not used but I am not persuaded that this demonstrates that the policy was not optional.

On the form under the heading "Barclaycard Payment Protection" is a tick box followed by "*Yes, please can I apply for Barclaycard Payment Protection.....*"

Below this is reference to another product, Barclaycard Card Protection, under which there is a tick box and the following text: "*Yes, please can I apply for Barclaycard Card Protection for one year.....*"

I note that both tick boxes have been ticked in Mrs A's form. I acknowledge that there is not a "*no*" option but I am satisfied that the wording in respect of both these products sufficiently demonstrates that they were being represented as optional and that there was no requirement to tick either or both boxes.

So on balance having taken account of Mrs A's testimony and the documentation provided, I am not persuaded that I can safely conclude that she was not aware that the PPI policy was optional; it seems to me to be more likely than not that she agreed to take it out, having been made aware that it was optional.

did Barclays give advice or make a recommendation to Mrs A?

In the circumstances of this case I am satisfied that Barclays did not give advice about whether Mrs A should take out the policy and so was not required to take steps to ensure that the policy was suitable for her.

did Barclays provide information which was clear, fair and not misleading so Mrs A could make an informed decision about whether or not to take out the policy?

Whether or not Barclays provided advice or a recommendation it was required to provide clear, fair and not misleading information to Mrs A. It says that this mailshot application form would have been accompanied by a policy booklet. I note that there is no information on the application form provided and so I cannot be sure about what was provided to Mrs A at the time or what she understood about the PPI. In these circumstances I am therefore open to

the possibility that there were shortcomings on the part of Barclays which has also pointed out that the full terms and conditions of the policy would have been sent to Mrs A once she had been accepted. Barclays should be aware that good industry practice dictates that the provision of information after the sale is unlikely to rectify failings made during the sale.

Having concluded that there may have been some failings in the provision of information to Mrs A I have gone on to consider whether she has suffered a detriment as a result. In the particular circumstances of this case I am not persuaded that Mrs A would have declined the PPI even if she had been given better or more information. I say this because:

- The main benefit of the policy was payment of 10% of the outstanding credit card statement balance for a period of up to 12 months. The monthly cost was 79p per £100 of outstanding credit card balance. At the time this was a relatively competitively priced policy in the market place.
- Mrs A was in full time employment and in good health. It does not appear that she was affected by any of the health or employment status limitations or exclusions that the policy contained.
- Mrs A says that she would have received three months full pay from her employer in the event she was unable to work through accident or sickness. She also tells us that she had some savings and could have relied on her spouse to support her. As mentioned this policy would have provided her cover for up to 12 months and would have been payable in addition to any employer related benefits. It would also have provided her with some breathing space in what could be difficult circumstances. In any event, it was for her to choose whether or not to add to the benefits she already had.

In conclusion, I am satisfied that at the time of the sale Barclays made Mrs A aware that PPI was optional. I am not persuaded that it provided her with information that was fair, clear and not misleading. However, as I have found that she was not affected by the policy's main limitations and exclusions and that it would have provided her with some benefits, I doubt the she would have declined it even if Barclays had informed her properly. I do not consider that Mrs A suffered any detriment as a result of Barclays' shortcomings

my final decision

For the reasons set out above, my final decision is that I do not uphold Mrs A's complaint against Barclays Bank Plc.

Liz Forbes
ombudsman