

complaint

Mr S says Lloyds Bank Plc (“Lloyds”) mis-sold him payment protection insurance (‘PPI’) on his credit cards.

background

Mr S took out two credit cards with Lloyds at the same time which commenced 1994, a TSB Visa card (ending 3905) and a TSB MasterCard (ending 7914). Mr S was sold one PPI policy which provided accident, sickness, unemployment and life cover for both cards.

Our adjudicator didn’t uphold the complaint. Mr S disagreed with the adjudicator’s opinion, so the complaint has been passed to me.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve set out our general approach to complaints about the sale of PPI on our website and I’ve taken this into account in deciding Mr S’s case.

I’ve decided not to uphold Mr S’s complaint, and I’ll explain why.

The evidence available shows the PPI was taken out at some point between 1994, when Mr S opened his credit card accounts, and 2000 which is the earliest date statements are available showing PPI being charged. Mr S thinks he took out the PPI in 1994 in a meeting. Lloyds can’t tell us the exact date he bought the policy or how, but they also think it was in 1994 in branch. I’ve taken what both parties have said into account and I think it’s likely the PPI was sold closer to 1994 than 2000 in a meeting.

Mr S said he never knew that there was PPI on his account, and he wouldn’t have even known what it was at the time. On the other hand Lloyds have said they would’ve explained the policy to him and obtained Mr S’s explicit consent to purchase the PPI before the sale was concluded.

Due to the length of time since the sale, there’s no paperwork now available so I don’t know much about how the PPI policy was sold or what, if anything, was discussed at the time. This isn’t surprising considering how long ago this policy was sold. Lloyds have sent us an example of the application form that they say would’ve been used around the time Mr S took out the credit cards. As I can’t safely say that this was the application form Mr S would’ve filled in, or if indeed he took out the PPI at this time at all, I’ve not relied on it.

So I haven’t seen any documents that clearly show PPI was presented as optional or shows that Mr S consented to taking out the PPI. As I’ve already said, this isn’t unusual given the length of time since this sale likely took place. But I also haven’t seen anything to support what Mr S has said either, and I wouldn’t expect him to remember every detail from the sale given the time that’s passed.

What I have seen are Mr S's credit card statements from 2000 and 2001 onwards, which Lloyds say are the earliest available statements for each of the cards. These show PPI being charged on this account. I think if Mr S was unaware of the PPI, he would've questioned this with Lloyds when he saw it on these statements. As he didn't, it seems more likely to me that Mr S did agree to the PPI at the sale even he doesn't remember that now.

Even though I don't have much information about the sale of this PPI, in order to come to a fair outcome I have to consider what I think is likely to have happened. Having considered everything, and without stronger evidence on the contrary, I think that Lloyds made Mr S aware that he had a choice about PPI and he chose to take it.

Mr S says that Lloyds didn't recommend that he take out this policy. Lloyds have said they think they would've recommended it. As I've looked at this sale as having taken place during a meeting, I think it's more likely that Lloyds did make a recommendation. This places a higher bar on Lloyds to have taken reasonable steps to ensure the PPI was suitable for Mr S.

As I don't know the exact date of when the PPI was sold, I can't safely say that I've seen the actual wording of Mr S's policy. So, I've considered what Mr S has told us about his circumstances during the period when the PPI could've been sold and also what I know more widely about PPI that Lloyds sold during this time. Having done this, I think the PPI was right for Mr S. I say this because:

- It's likely that Mr S was eligible for the policy and not affected by any of the main things the policy may not have covered, such as having a pre-existing medical condition or an unusual employment status.
- Mr S told us he would've received between 6 and 12 months' worth of sick pay if he was unable to work. However, this policy could've paid out for up to 12 months for an accident or sickness claim, and in addition to any other sick pay he was receiving. This would've allowed Mr S the option of using his sick pay for other living expenses.
- Mr S told Lloyds he had savings of less than £1000 he could've used to make his repayments if he was unable to work or was made unemployed. Mr S told us he had no savings or other means to help him. In either event, having this PPI meant that Mr S's repayments could've been covered for up to 12 months for both of his credit cards. This also reduced his reliance on any savings he may have had. So I think this policy could've provided a useful benefit to him.

So, based on what I know about Mr S's circumstances during the time period when the PPI could've been sold, I think he could've found it useful.

As well as making a suitable recommendation, Lloyds also had to give Mr S good enough information so he could properly decide if he wanted to take out the PPI. As I don't know what was discussed or shown or sent to him at the time of sale, it's possible the information Lloyds gave Mr S about PPI wasn't as clear as it should've been. And Mr S feels it wasn't.

But, based on what I know about Mr S's circumstances during the time period when this policy was sold and for the same reasons why I think it was suitable for him, I don't think clearer or better information would've changed his decision to buy them.

I've also considered what Mr S said about having been paid out by Lloyds on other mis-sale complaints. But circumstances and the way policies are sold do vary and we consider each complaint on their individual facts and merits. So this point doesn't change my conclusion. I don't think Mr S has lost out because of anything Lloyds may have done wrong.

my final decision

For the reasons set out above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision by 19 February 2018.

Sienna Mahboobani
ombudsman