

complaint

Mr B complains that Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) (“Lloyds”) mis-sold him a payment protection insurance (“PPI”) policy in 2005 in connection with a credit card application.

background

Mr B tells us that he does not consider that he was given enough information about the policy, and that, as he was self-employed at the time, it was not suitable for his circumstances.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our general approach to considering complaints about the mis-sale of PPI is well-documented, and I have considered the issues in accordance with this general approach. This includes taking into account the law and good industry practice at the time the policy was sold, and any regulatory rules relevant to this complaint.

The key issues I need to consider in this complaint are:

- whether Lloyds gave Mr B information that was clear, fair, not misleading and sufficient to put him in a position to make an informed choice about whether to buy the PPI Policy;
- and
- whether in giving any advice or recommendation, Lloyds took adequate steps to ensure that the PPI policy was suitable for Mr B’s needs.

If there were shortcomings in the way in which Lloyds sold the policy, I then need to consider whether Mr B is worse off as a result. That is, would Mr B be in a different position now if there had not been any shortcomings?

Lloyds has confirmed that it recommended the policy to Mr B. As such, Lloyds had a duty to recommend a policy suitable to Mr B and his specific financial circumstances.

My first consideration is whether Mr B was made aware that the policy was optional. There are no records of what was said during the meeting, so I must base my decision on the evidence before me.

Looking at the credit card application form, the following words appear:

“Select your additional benefits

Payment Protection Cover (one box must be crossed.)For additional peace of mind of knowing that you can continue to meet your minimum credit card payments even if you can’t work due to accident, sickness or unemployment, Lloyds TSB could cover your payments

Yes I want to take out Payment Protection Cover and protect my payments.

No I do not want to take out Payment Protection Cover and protect my payments.”

A cross had been placed next to the Yes statement.

Mr B has signed the application form in a box slightly to the right of this section, although I note that there is no requirement to sign separately to indicate a willingness to buy the PPI.

While it is possible that the adviser said something that made Mr B believe that he taking the policy was part of securing the credit card, I am not persuaded that the available evidence is strong enough for me to safely conclude that Lloyds *mised* Mr B about the optional nature of the policy.

Having reviewed Mr B's consumer questionnaire, it appears that at the time he took out the cover, he was in good health and fulfilled the conditions of eligibility for the policy. As Mr B was self-employed at the time that he bought the policy, I have considered whether he was disadvantaged in any way by the conditions of the policy relating to self-employed people. Having reviewed the policy document, I am satisfied that the steps Mr B would have had to take to successfully claim for unemployment were no more onerous than for employed people. On balance, I do not find the recommendation of the policy unsuitable for Mr B's circumstances as he was not affected by any of the significant exclusions or limitations of the policy.

There are no records available of how the costs or features of the policy were presented to Mr B in the meeting. I understand that the cost of the policy was in the region of 79p per £100 of outstanding credit card balance per month, which gave the benefit of paying off 5% of the balance each month. I recognise that there is no way of knowing whether Mr B was given this information before he agreed to buy the policy, or whether the detail of the monthly, interest-bearing nature of the premiums was made clear to him. However, I still do not consider the recommendation of the policy inappropriate.

I say this because, the information that Mr B has given to us about his existing provisions suggest that he did not have any way of making his credit card repayments if anything went wrong. Meanwhile, he was taking on a new credit facility and potential liability. I am persuaded that if the cost and level of cover provided by the policy was acceptable to him, Mr B would, quite reasonably, have chosen to take it out.

On balance, and taking into account Mr B's potential for receiving benefit from the policy, I consider that he would still have bought the policy, even if the adviser had explained the costs of the policy in more detail.

Clearly, I cannot rule out the possibility of shortcomings in the information provided by Lloyds during this sale. Nor can I be certain how much Mr B understood about the policy at the time that he agreed to buy it. I appreciate that with the benefit of hindsight and experience, Mr B might not make the same decision today. However, I am satisfied that the policy was optional and that Mr B chose to buy it at the time. On balance, I do not think that his decision to buy the policy would have been different if all the information had been provided to him in a more clear or balanced way.

As I have no persuasive evidence that the policy was mis-sold, I do not uphold this complaint. I appreciate that this will be a disappointment to Mr B.

my decision

For the reasons given above, I do not uphold this complaint. I make no award against Lloyds Bank Plc (formerly Lloyds TSB Bank Plc)

Roxy Boyce
ombudsman