

## **complaint**

Mr C complains that Lloyds TSB Bank plc mis-sold him a regular monthly premium Payment Protection Insurance (“PPI”) policy when he took out a new credit card in April 2000. He complains that the policy was added automatically to his account and did not take into account his existing benefits.

## **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 accordance with our general approach to considering complaints about the mis-sale of PPI, which is well documented. I have also taken into account the law, and good industry practice at the time the policy was sold.

In essence, the questions I need to consider are:

- if any advice or recommendation was given, whether the product was suitable for Mr C’s needs; and
- whether Lloyds gave Mr C 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.

If I conclude that there were shortcomings in either of the above, this will not necessarily result in me finding in favour of Mr C. I would also need to find that Mr C had acted differently – and to his detriment – as a result.

First I will consider how Mr C applied for his credit card and PPI and whether Lloyds provided him with advice.

In his submissions to us, Mr C recalls that he applied for the credit card via an internet application. He also recalls that he has been granted increases in his credit limit during the life of the card also via the internet. Lloyds tells us that it believes Mr C applied for his card in a meeting at his local branch and has provided us with a copy of the handwritten application form that was used. Given the time that has elapsed since the sale it is not surprising that Mr C may have confused the application process with his other dealings with Lloyds on the card. On the balance of probability I think it likely that Mr C did complete an application in branch when applying for the card.

Mr C cannot remember whether Lloyds gave him advice before he purchased the PPI policy – Lloyds says that it did provide advice. Given that providing advice places a greater responsibility on the selling business, I will treat this sale as advised. Therefore Lloyds was responsible for taking reasonable steps to ensure that the policy it sold was suitable for Mr C’s needs, or if in part it was unsuitable, clearly drawing this to his attention.

Next I will consider whether Lloyds made Mr C aware that taking the policy was optional.

I do not know how the PPI was explained to Mr C during the sales meeting however in viewing his application form I can see that PPI was offered in a section headed “*Optional*”

*Features.*” In this section Mr C was provided with two tick boxes with the clear instruction that he must tick one of them. The two boxes were headed, “*Tick Yes to take out Asset Payment Protection and protect your payments*” and “*If you do not wish to protect your payments, tick No*”. It is therefore likely that it was apparent to Mr C that he had a choice in deciding whether to purchase the PPI policy. A tick has been applied to the “Yes” box that is of a similar form to other ticks on the application form. I would therefore conclude that Mr C actively chose to take the PPI policy, although given the passage of time, he may no longer remember doing so.

Finally I will consider whether the policy was suitable for Mr C’s needs and whether he was given appropriate information on which to base his decision to purchase the policy.

At the time of the sale, Mr C was aged between 18 and 64 years and was working full time. He has told us he did not have any indication of impending unemployment or hospitalisation. It therefore appears that he was eligible for the cover provided under the policy and he would not appear to have been affected by any of the significant limitations or exclusions of the policy.

This policy, in the event of a successful claim, would have paid a monthly benefit of 5% of Mr C’s outstanding balance for up to 12 months in the event of him being unable to work due to accident, sickness or him being unemployed. In the unfortunate event of Mr C’s death it would have paid off his credit card balance in full (this would be doubled if his death was due to an accident). Mr C says that if he had been unable to work due to sickness he would not have received any occupational sick pay and he had no other means of making his monthly repayments. The policy might therefore have provided some help to Mr C in meeting his monthly repayments and might have proved useful at a difficult time.

Lloyds says that both verbal and written information about the policy would have been made available to Mr C at the time of sale for him to consider whether he needed the benefits offered by the policy.

I clearly do not know if Mr C received, or understood, this information. It is therefore possible that this provision was insufficient to draw the key features of the policy to Mr C’s attention, however I do not consider a failure in this regard would have made him act differently. The information would have simply shown him that the policy benefits were competitive in the market, he wasn’t affected by any of the main limitations or exclusions and that the policy might have been useful to him.

Lloyds has told us that the PPI cost 75p for every £100 of balance outstanding. I do not know how this cost would have been shown to Mr C. Additionally, it may not have been made clear that his premiums would need to continue to be met during a claim, and so the benefit is reduced because of that, or that the premiums were interest bearing. However, the policy provided a benefit to Mr C that was not replicated through his employment or any other policies and may have proved useful to him. On balance, I am not persuaded that, at the time of his application, Mr C would have been put off by the cost, had it been made clearer.

In summary, while appreciating that with the benefit of experience and hindsight Mr C might not make the same decisions about purchasing the insurance today, I am not persuaded that he was poorly advised by Lloyds. The policy was suitable for his financial situation, and he was not disadvantaged by any of the conditions or limitations of the policy. As such I am

satisfied that Mr C would not have made a different decision about purchasing the policy even if he had been presented with clearer or more transparent information by Lloyds.

It follows that I do not uphold this complaint.

**final decision**

For the reasons given above, I do not uphold the complaint or make any award against Lloyds TSB Bank plc.

Paul Reilly  
**ombudsman**