

complaint

Mr T says Lloyds Bank Plc, trading as TSB (“Lloyds”) mis-sold him a payment protection insurance (“PPI”) policy.

background

It’s not clear how or when Mr T bought the policy, but it was added to a credit card he took out in 1996.

The policy cost no more than 79p per £100 of Mr T’s outstanding monthly statement balance. And in the event that he was too ill to work or made redundant, it would’ve paid off 10% of that balance for up to 12 months per claim.

Our adjudicator didn’t think the complaint should be upheld. Mr T 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 T’s case.

Having done so, I’ve decided not to uphold Mr T’s complaint and I’ll explain why.

The sale took place a long time ago, so it isn’t surprising that there’s not much information available. But because of this, I need to think about what was more likely to have happened when PPI was sold.

Lloyds hasn’t been able to confirm when the PPI was sold, but its records suggest the credit card was taken out in 1996. So it’s considered the complaint as though the policy was sold in a branch at the same time as the credit card.

Mr T says the PPI was sold in 2000. But the earliest credit card statement available is from this date, so it’s not clear whether PPI was taken before then or not. For this reason, I’ve considered how all methods of sale would affect Mr T’s complaint between 1996 and 2000.

Lloyds had to let Mr T know the policy was optional and it had to get his consent before it added PPI to his account. Lloyds says it would’ve done this. But Mr T says he would’ve declined PPI if he’d had a choice.

I haven’t got a copy of a completed application form to confirm what Mr T would’ve seen or been told. But if the policy was sold with the credit card in 1996, from our knowledge of Lloyds’s sales practices at this time, I think Mr T would likely have been made aware the policy was optional. We’ve seen a number of similar sales from that period and I think Mr T would have needed to make a selection about having PPI. Lloyds has provided a sample copy of the application forms it used around this time and this shows that PPI would’ve had to have been selected – which is consistent with what we know.

If the PPI was sold later than this, I think it's likely Mr T would've already had his credit card for some time beforehand. So I think he would've known PPI wasn't compulsory in order to have the card. The PPI appeared on Mr T's credit card statements as "*PAYMENTS INSURANCE – PREMIUMS*", so I think he would've seen this. And if Mr T hadn't agreed to take PPI, I would've expected him to query the transactions with Lloyds much sooner. So although Mr T doesn't recall PPI being discussed, I think it's more likely he was aware he had a choice about PPI and that he chose to take it at the time.

Mr T says Lloyds didn't give him any advice, but without any information to show whether advice was given or not, Lloyds has considered the complaint as though it did give advice. This puts more responsibility on Lloyds, as it would've had to check the policy was suitable for Mr T. But based on what Mr T's told us about his circumstances, I don't think it makes a difference either way as the policy appears to have been suitable for him. I say this because:

- From the information I've seen, Mr T was eligible for the policy.
- Mr T doesn't appear to have been affected by any of the things that might've made it harder for him to claim on the policy, such as having a pre-existing medical condition or unusual employment terms.
- Mr T told us he would've received six months' full pay, followed by six months' half pay if he was off sick from work in 2000. He also confirmed that he'd worked for his employer for 20 years, so I think he likely had a similar amount of sick pay between 1996 and then. Mr T says he didn't have any other means to meet his payments if he was too ill to work, but he thinks his sick pay was adequate.

I've carefully considered what Mr T's said, but the policy would've paid out on top of any sick pay he received and potentially for longer. And Mr T could've claimed again after a requalification period. So I think the policy could've been useful to him, particularly if he was off work for longer than six months, when his sick pay would've reduced by half.

- I haven't seen anything to suggest the policy was unaffordable for Mr T.

Lloyds also had to give Mr T enough information about the policy, so he could decide whether it was right for him.

It's possible the information Lloyds gave Mr T about the terms and cost of the policy wasn't as clear as it should've been. But from my knowledge, the cost was comparable to other similar policies available on the market at the time. And for the same reasons as I think the policy was suitable for Mr T, I don't think better information would've made a difference to his decision to buy it.

So I don't think Mr T has lost out because of anything Lloyds might've done wrong.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 September 2017.

Hanna Johnson
ombudsman