

complaint

This complaint concerns a monthly premium payment protection insurance (PPI) policy, sold in 1999 in connection with a credit card. Ms A says that The Royal Bank of Scotland Plc mis-sold the policy because she felt she had to take the policy in order to be given the credit card; she had no need of the policy because of her occupational benefits; and it was not made clear that the policy was optional.

my findings

In deciding what is fair and reasonable in the individual circumstances of this case, I have considered the issues in accordance with our general approach to considering complaints about the mis-sale of PPI, which is well-documented. This includes taking into account the law and good industry practice at the time the policy was sold. In essence, the questions I need to consider are:

- whether RBS gave Ms 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, RBS took adequate steps to ensure that the product it recommended was suitable for Ms A's needs.

If there were shortcomings in the way in which RBS sold the policy, I then need to consider whether Ms 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.

First, I have considered whether the PPI policy was optional.

Was the PPI policy optional?

Ms A says she was given the impression that she had to take out the policy as part of the credit card agreement. But she also told us that she felt pressured into taking out the policy, and that she took it out to assist her application for credit. And it doesn't seem to me that all these statements can be correct, so I have considered this point very carefully.

I understand Ms A completed a postal application for the credit card whilst visiting an RBS branch and so I cannot know for certain what RBS told Ms A about the policy. So it is very difficult for me to know for certain what happened when Ms A took out the credit card and PPI policy. I accept it is *possible* RBS did not discuss the policy with Ms A. I also accept it is *possible* RBS's representative gave her the impression she had to take it out. But it seems *equally likely* RBS gave Ms A the opportunity to take out the policy or decline it as part of her credit card application, and that she chose to take it out.

I have had sight of the actual credit card application that Ms A completed in May 1999. And I note that there was a separate section relating to PPI. The credit card application form which Ms A completed covered PPI in a brief section entitled '*Payment Protection*'.

The form then presented the customer with the following statement: '*Payment Protection is designed to protect your Royal Bank of Scotland Credit Card payments in the event of death, accident, sickness, or involuntary unemployment (including redundancy). We strongly recommend you take this cover. For cover, just tick this box*'. Ms A ticked the box. The form also contained a section which asked customers to select one of four types of credit card.

Ms A chose type 1; 'Classic Visa'. And Ms A chose not to take up an offer for 'Card Registration' that was presented in a similar way.

Ms A chose the PPI option and selected a specific type for her new credit card. On balance, this evidence leads me to conclude that it is more likely than not that Ms A was aware that PPI was optional at the time, and that she actively selected it.

This means I am not persuaded (as I must be to uphold Ms A's complaint) it is *more likely than not* RBS presented the policy to Ms A as compulsory or that it did not present it to her as being optional.

Next, I have considered whether RBS advised Ms A to take out the policy and, if it did, whether it was suitable for her given her circumstances and needs.

Did RBS give advice and, if it did, was the policy suitable?

RBS says the sale was completed by way of a postal application and it did not give advice about whether Ms A should take out the policy. The documentary evidence from the sale supports this was a postal application. Ms A says that although she did complete a postal application, she completed this in the branch whilst she was being advised by an RBS representative.

So both parties disagree upon the basis that the card and policy were taken out. However, I do not need to make a finding on this.

Even if I were to conclude RBS *did* advise Ms A to take out the PPI policy, and I accept there may have been some shortcomings in the way RBS sold the policy to her, it seems to me more likely than not the PPI policy was suitable for her, given her circumstances and needs at the time of the sale. I say this for the following reasons:

- Ms A was eligible for the cover.
- Ms A's circumstances at the time do not suggest that she would have been affected by any of the significant limitations or exclusions of the cover, (such as those relating to pre-existing medical conditions or unusual employment arrangements). So she could have expected to benefit from the full extent of the cover provided by the policy.
- Ms A has told us that she would have received 6 months full pay followed by 6 months half pay from her employer in the event of accident or sickness. However, this policy paid out a benefit of 10% of her monthly outstanding balance for 12 months in the event of accident, sickness or unemployment, and was at a higher level than her existing occupational provisions. In the unfortunate event of Ms A's death it would have paid off her credit card balance in full. So although I accept the information may not have been clear, fair and not misleading, I am not persuaded that Ms A would have acted any differently had that information been made clearer.
- Ms A says that she had no need of the policy because she could have relied on her family, friends and relatives. Whilst I understand the point she seeks to make, there can be no guarantee that her family or friend's circumstances at the time would have made this possible. So it seems the policy would have provided a useful benefit in these circumstances. So I am not persuaded I can safely conclude it is more likely than not Ms A had no need for the policy at that time - or that the policy was an unsuitable recommendation given her circumstances and needs (if RBS gave advice).

- I am not persuaded the cost of the policy made it inherently unsuitable for Ms A (if RBS gave advice). In my experience, it provided a good level of cover at a reasonably competitive cost for the benefits it provided. Further, I am not persuaded Ms A would have been put off taking out the policy because of the costs if they had been clearer.

Finally, I cannot be certain HSBC gave Ms A clear, fair and not misleading information so that she could make an informed decision about taking out the policy. But, for similar reasons as I have found that the policy was suitable for Ms A (if RBS gave advice), I am not persuaded I can safely conclude she would necessarily have taken a different course of action and chosen not to take out the policy if she had been given clearer information.

And I note that the policy would have appeared on Ms A's credit card statements every month up until the point she cancelled the policy in 2007. And had she decided at any point over the 8 years that she had the policy, that she did not want the policy, or had no further use for it, she could have cancelled it at any time without penalty.

In conclusion, while I accept it is possible there may have been shortcomings in the way the policy was sold, I am not persuaded Ms A has been disadvantaged as a result of any (potential) failings on the part of RBS when it sold this policy.

my decision

My final decision is that I do not uphold Ms A's complaint or make any award against The Royal Bank of Scotland Plc.

Andrew Macnamara
ombudsman