

## **complaint**

This complaint is about a payment protection insurance (PPI) policy taken out in July 2002 alongside a credit card. Mr B says that Bank of Scotland plc (BoS) mis-sold the policy.

## **background**

In July 2002 Mr B applied for a credit card from BoS. At the same time, Mr B purchased the PPI policy. The PPI policy was designed to protect Mr B's monthly card repayments in the event he was to suffer an accident, sickness or unemployment. The policy also provided Mr B with life cover.

In August 2012 Mr B complained to BoS about the sale of the policy. Unhappy with BoS' response, he brought his complaint to this service via a third party.

An adjudicator from this service wrote to Mr B in February 2013. In her letter, the adjudicator explained why she was recommending that Mr B's complaint should not succeed.

Mr B did not agree with the adjudicator's findings and asked that his complaint be considered by an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so, I have taken into account the law and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out in the section of our website explaining how we deal with PPI complaints.

The overarching questions I need to consider therefore are:

- Whether BoS gave Mr B 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.
- Whether, in giving any advice or recommendation, BoS took adequate steps to ensure that the product it recommended was suitable for Mr B's needs.

If BoS did something wrong when selling the policy, I then need to consider whether Mr B would have acted differently if it had not done so.

Where Mr B and BoS disagree on a particular point, I will reach a conclusion based on the balance of probabilities – that is what I consider more likely than not to be the case.

Having reviewed the available evidence, I find it most likely that the PPI policy was sold to Mr B during a meeting at a branch of Halifax. I do note that Mr B says he did not receive advice about the PPI policy. However as BoS has accepted that its adviser *should* have given Mr B advice I will consider the complaint on that basis.

was the policy optional?

BoS has provided us with a copy of the credit card application form signed by Mr B in July 2002. I can see that it has been completed by hand and contains information about Mr B's circumstances including details such as his employment, income and housing status.

I am therefore satisfied it is likely a conversation about Mr B's circumstances took place while the form was completed.

On the application form there is a section headed "*Protecting Your Payments*". Beneath this heading is the following:

*"Yes, I would like to take advantage of the peace of mind offered by Credit Card Repayments Cover at a cost of just 78p per £100 of my statement balance, in the event that I am unable to work due to involuntary unemployment, disablement, critical illness or death.*

*Please tick this box to enrol ☐.*"

So I can see that the PPI policy was presented on the application form as being a separate product with the option provided to select the policy if required. There is a cross in the box to indicate it had been selected. I also see that the option to take out another insurance policy (Card Care Registration) against loss or theft of the card has *not* been selected. The fact that the Card Care Registration has not been selected persuades me that it is likely Mr B was aware he had a choice to accept or decline both policies.

Ultimately I cannot be certain what was said to Mr B during the meeting or while the form was being completed. I must also take into account that this was a meeting that took place 12 years ago and memories do fade.

I do accept it is *possible* that the PPI was not presented as optional. However I have not seen *sufficient* evidence to persuade me that I can safely conclude this is *most likely* to have been the case.

was the policy suitable?

I cannot be sure whether there were any shortcomings in the way the policy was sold, however, ultimately I do not consider it necessary to draw any firm conclusion on this point.

I have taken into account the policy benefits, cost of cover, and Mr B's broader financial circumstances at the time of the sale. Having done so, I am not persuaded I can safely conclude the policy was unsuitable for Mr B even if there were shortcomings in the way BoS sold the policy. I am also not persuaded that Mr B is likely to have acted differently (that is, not taken out the policy) had he been properly advised and informed. I say this for the following reasons:

- Mr B has told us that he was working full time when the policy was sold to him and would have been eligible for the cover that the policy provided.
- Mr B has also said that he did not suffer from any medical conditions in July 2002 so he would not have been affected by any of the policy terms that related to pre-existing medical conditions.
- Mr B was self-employed at the time he took out the policy. I have read the terms and conditions of this particular PPI policy. Having done so I am not persuaded that the

policy made it significantly harder for a self-employed person to make a claim as opposed to an employed person. I am therefore satisfied that Mr B could have benefited from all the cover provided by the policy.

- As a self-employed person Mr B would not have received any employer sick pay if he were unable to work due to ill-health. I note that the PPI policy was designed to pay a monthly benefit equal to 10% of the outstanding credit card balance for up to 12 months in the event of a successful disability claim.
- I have not been made aware of any other resources such as savings or other insurance policies that Mr B could have relied on to replace his income if he became unemployed or too unwell to work.
- I cannot be sure that the cost and benefits of the policy were clearly brought to Mr B's attention at the time of the sale. However, it is my view that the initial cost of £0.78 per £100 of the outstanding monthly card balance was not excessive and appears competitive with other policies of its type available at the time. Because of this I am not persuaded that full details of the cost would have caused Mr B to act differently, especially taking into account that it provided a relatively good benefit (10% of the outstanding balance).

Mr B has told us he did not need the policy. I can understand that with hindsight Mr B may regard the policy as being unnecessary, particularly if he did not have cause to make a claim. However it is my view that, given his circumstances at the time, he would most likely have valued the peace of mind it provided.

#### summary

In summary, I do not believe I can safely conclude that BoS presented the PPI policy to Mr B as anything other than an optional policy that Mr B chose to purchase. I also consider that the policy would most likely have been a suitable for Mr B given his circumstances. Finally, I am not persuaded that Mr B would have decided against taking the policy out if he had been provided with any clearer information about it.

#### **my final decision**

For the reasons set out above, my final decision is that I do not uphold this complaint and make no award against Bank of Scotland plc.

Steve Thomas  
**ombudsman**