

complaint

This is a complaint that The Royal Bank of Scotland Plc (RBS) mis-sold payment protection insurance (PPI) to Mr M.

background

This complaint is about a credit card PPI policy taken out in 2000. RBS sold Mr M the policy at the same time that he applied for the card.

Our adjudicator didn't recommend that the complaint be upheld. Mr M 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 this case.

I've considered what Mr M and his representatives have said, but I've decided the policy wasn't mis-sold. I will explain why.

Mr M says he is 99% sure he was forced to take out the PPI to get the credit. But this did happen about 19 years ago, and it wouldn't be surprising if someone didn't remember all the details of something like this. I would need more supporting evidence before I could fairly say RBS did something wrong like this.

I think it's more likely RBS made Mr M aware that the PPI was optional and that he chose to take it. And I can see that the credit card application form has a section offering PPI, and you tick a box if you want to take it.

Mr M's representatives say the tick in the box is different from the other ticks made by Mr M, and so appears to have been made by a staff member. But I think there is a range of slightly differing ticks on the form, and it would be difficult to say that the tick wasn't Mr M's.

Mr M's representatives also say that there is no mention of the PPI costing anything and so appears to be a free benefit. The form says:

Card Payment Protection Insurance is designed to protect your Royal Bank of Scotland Card payments in the even of death, accident, sickness or involuntary unemployment (including redundancy). We strongly recommend you take out this cover. For cover just tick this box after reading the key features.

I agree that it makes no mention of cost. But it does say to read the key features first, which would have warned the customer that there were features that might not make the PPI desirable for them, and was likely to have set out some information about costs. And I think most people would assume that an insurance product would cost something; and that, if it didn't, the form would have made a big effort to tell customers it was free.

The disclosure of cost on the actual form was, however, clearly inadequate. The limits on the benefit were also not mentioned (though may have been in a leaflet). So I've thought about

whether better information would have made a difference. Assuming that it was Mr M who ticked the box, he seems to have wanted this cover (and I can see also was prepared to pay for the separate product of “card registration” cover against theft and loss, and which the form said cost £12 a year). And I don’t think, in his circumstances, full information about costs and benefits would have affected whether he took the PPI. He had limited work sickness benefits and didn’t appear to have had a great deal of savings. And it doesn’t look like he’d have been affected by any of the significant exclusions in the policy.

Finally, RBS didn’t recommend the PPI as being particularly suitable for Mr M’s individual needs. This means it didn’t have to check if the PPI fitted his circumstances.

my final decision

The PPI policy wasn’t mis-sold – so The Royal Bank of Scotland Plc does not have to pay back the cost of the PPI to Mr M.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 10 January 2020.

Timothy Bailey
ombudsman