

summary of complaint

Mr D complains that Lloyds TSB Bank Plc continued to charge PPI premiums on his credit card after he was unable to return to work in 2004. He says that Lloyds TSB should have advised him that he would not be covered for any benefit after this date and it should have cancelled the policy.

Mr D is being assisted in his complaint by his wife, Mrs D.

background to complaint

Our adjudicator gave his view in November 2012 and decided to uphold Mr D's complaint. In summary he was of the opinion that Lloyds TSB should return the premiums Mr D paid after he was unable to return to work as the policy terms and conditions state that *"cover ends when you cease to be gainfully employed"*.

Lloyds TSB disagreed with this view, as it stated Mr D was still able to claim hospitalisation and life cover under the policy. In its view it believes it was Mr D's responsibility to cancel the policy if he no longer felt the cover was suitable for his needs.

The complaint has now been passed to me to determine.

my findings

In deciding what is fair and reasonable in the individual circumstances of this case, I have taken into account the law and good industry practice in force at the time Mr D's dispute arose and any guidance relevant to this complaint.

The crux of this complaint as I see it is if any cover was still being provided by the policy once Mr D was unable to return to work; and in the instance the policy provided no benefit, whether Lloyds TSB was aware of this.

To try and find answers to these questions, I have reviewed all of the documentation provided by both parties. I can see that Mr D has informed us that he was unable to return to employment after he suffered a fall at work in June 2003. I have carefully considered what effect, if any, this had on Mr D's ability to claim any further benefit from the policy.

Lloyds TSB has stated that Mr D was still able to benefit from the hospitalisation and life cover benefit provided by the policy. In the first instance, I note that the policy does not include a hospitalisation benefit. That said, it does include life cover.

I have reviewed the *"Your card payments insurance policy document"*, which contains the terms and conditions of the policy. On page six, under the sub-heading *"When your cover ends"* the document reads:

"In addition all cover and benefits will end on the earliest date of the following:

- *The date you reach 65 years of age*
- *When you cease to be gainfully employed or employed for 16 hours or more per week*
- *The date on which your TSB Credit Card Accounts closes*
- *The date of entry should a court judgement be made against you in respect of your TSB Credit Card Account obligations*

- *The date of cancellation of the Master Policies*"

Mr D was registered disabled a few months after his accident in June 2003. Since this point he has been claiming incapacity benefit as it was determined he was unable to return to employment. I am therefore satisfied that all cover under the policy ended at this point.

I now turn to whether Lloyds TSB was aware, or ought to have been aware that Mr D would not have been able to return to work. Lloyds TSB is unable to confirm whether it was informed that Mr D would no longer be able to return to work. Mrs D has informed us that Lloyds TSB was informed of the prognosis given to her husband. She has consistently stated that Lloyds TSB contacted her husband throughout the claim to discuss his condition and that letters from his doctors confirmed his diagnosis.

I have carefully considered the submissions and information provided by both parties. I can see that a substantial amount of medical information was passed on to Lloyds TSB, after all it required this information to consider Mr D's claim in 2003. I also find Mrs D's recollections on this matter both plausible and persuasive. In the absence of any definitive submissions on this point from Lloyds TSB, on balance I consider that it ought to have been aware of Mr D's inability to return to work.

In conclusion, all benefit under the policy ended when it was no longer possible for Mr D to be gainfully employed. As Lloyds TSB ought to have known this, I conclude it should have cancelled the policy from this point.

I therefore uphold Mr D's complaint.

fair compensation

For the reasons outlined above, I uphold Mr D's complaint. Mr D should be put back in the position he would have been in now if the PPI policy had been cancelled in May 2004.

I require Lloyds TSB to pay Mr D the value of the premiums paid from May 2004 to the present.

Lloyds TSB will also need to add interest calculated at 8% simple per year[†] on the value of each premium, from the date it was paid up to the present date.

I also direct Lloyds TSB to provide a history of premiums paid and set out the details of the calculations in writing for Mr D.

[†] – This part of the compensation may be subject to income tax. The treatment of this part of the compensation in Mr D's hands will depend on whether Lloyds TSB has deducted basic rate tax from the compensation and Mr D's financial circumstances. More information about the tax position can be found on our website.

Mr D should refer back to Lloyds TSB if he is unsure of the approach it has taken and both parties should contact HM Revenue and Customs if they want to know more about the tax treatment of this portion of the compensation.

my final decision

It is my final decision to uphold this complaint and I require that Lloyds TSB Bank Plc provide the redress set out above.

Mark Richardson
ombudsman