

complaint

This complaint concerns the sale of a regular premium payment protection insurance (PPI) policy in connection with a Lloyds TSB Bank Plc ('Lloyds TSB') credit card. The credit card and PPI policy were taken out in 2004 during a branch meeting. Mr G says the policy was mis-sold. Essentially, he says that: Lloyds TSB did not explain that the PPI policy was optional and he felt under pressure to take it; the information he was given was insufficient to allow him to make an informed choice; and the costs were not explained, in particular that interest would be charged on the PPI premiums if the balance wasn't cleared each month.

background to complaint

The adjudicator's view was that there was insufficient evidence to show that the policy had been mis-sold. Mr G was advised of this and has requested that the matter is referred to an ombudsman for final decision.

my findings

I have included only a brief summary of the complaint above, but I have considered all the evidence and arguments from the outset in order 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 PPI 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 key questions seem to me to be whether:

- Lloyds TSB gave Mr G 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; and whether
- in giving any advice or recommendation, Lloyds TSB took adequate steps to ensure that the product it recommended was suitable for Mr G's needs.

If I conclude that Lloyds TSB did not do this, I still need to be satisfied that Mr G would have acted differently as a result of any failings and would not have taken out the insurance.

After careful consideration of all of the evidence and arguments, I have decided not to uphold Mr G's complaint. I have noted Mr G's comments and I know my decision will come as a disappointment to him. I have set out my reasons below and once he has had the opportunity to consider these, I hope he will understand why I have reached this conclusion.

Both parties agree that the PPI policy was taken out during a branch meeting and Lloyds TSB has said that it recommended the policy to Mr G. This means that Lloyds TSB had to ensure the policy was suitable for Mr G's needs.

optional nature of PPI policy

The first point I will consider is whether Mr G was able to make a proper choice about taking out the policy ie was the PPI policy presented as optional? Mr G says that Lloyds TSB did not explain that the PPI policy was optional and he felt under pressure to take it. While I do

not doubt that Mr G's submissions represent his honest recollections of what took place, given the amount of time that has elapsed since the application, it seems inevitable that his recollection will have faded with the passage of time. I must also have regard to the documentation produced at the time of sale and what this suggests to me.

In this respect, I note that on the part of the credit card application form which deals with PPI, the following statement appears: "*Payment Protection Cover (One box must be ticked). For your additional peace of mind of knowing that you can continue to meet your minimum credit card payments even if you can't work due to accident, sickness or unemployment, you can take out Payment Protection Cover*". There is a tick in the "Yes" box next to the statement "*Tick yes to take out Payment Protection Cover and protect your payments*". I note that there is also a "No" box which has not been ticked and has equal prominence. While I cannot be sure whether Mr G placed the tick in the box himself or whether it was pre-populated, Mr G has signed the form and his signature appears in close proximity to the ticked box. On balance, I do not consider that I have sufficient weight of evidence to counterbalance what the documentation suggests so I am not persuaded that Mr G was unaware of the optional nature of the PPI policy and as I do not have sufficiently compelling evidence to persuade me that he was pressured into taking out the PPI, I cannot uphold the complaint on this basis.

suitability of the PPI Policy for Mr G's needs

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

Mr G was working full-time in 2004 and from the information available to me, it seems likely that he would have been eligible for the cover that the PPI policy provided. Additionally, I have not seen any evidence that Mr G would have been subject to the limitations or exclusions of the policy. So he could have expected to benefit from the full extent of the cover provided by the policy.

Mr G had been employed for five years at the time of taking out the policy and has told us that he would not have been entitled to any pay in the event of accident or sickness. I have not been made aware of any other insurance policies or savings that Mr G could have relied on if he became unable to work due to accident, sickness or unemployment. Mr G has said that in the event of him having difficulty making credit card repayments himself, he could rely on his family and friends to make repayments on his behalf. Whilst I understand the point he seeks to make, there is no guarantee his family and friends would have been in a position to assist Mr G when he required it.

Given his circumstances at the time, I consider that Mr G could have found it difficult to meet the credit card repayments had he been unable to work as a result of sickness, accident or unemployment. This would be a particular issue as he had no sick pay entitlement, so the PPI policy would have provided a useful benefit in these circumstances.

Lloyds TSB has confirmed that the cost of the cover was 77 pence per £100 of the monthly balance, with the policy premium potentially attracting interest along with the rest of the balance. The monthly benefit in the event of a claim for accident, sickness or unemployment

was 5% of the outstanding balance for 11 months and if Mr G continued to be unable to work at month 12, the PPI policy would clear his outstanding credit card balance. The policy would also pay off Mr G's outstanding credit card balance in the unfortunate event of his death. Furthermore, these benefits were not uncompetitive when compared to other policies on the market. I am persuaded that Mr G had a need for the policy and it would have removed the additional pressure of maintaining his credit card repayments in the event that Mr G fell ill, suffered an accident or lost his job, and would have protected his standard of living at what would have likely been a difficult time.

Mr G has said that he was not given sufficient information to make an informed choice about the PPI policy and as I was not present at the meeting between Mr G and Lloyds TSB, it is difficult for me to know whether all of Mr G's information needs were met at the time of sale. In particular, I cannot be sure what information Mr G was given in relation the cost of the policy as the credit card agreement makes no mention of the cost. However, I have not seen sufficiently compelling evidence to persuade me that the policy was unaffordable. Additionally, I cannot be sure whether there were any other shortcomings in the information provided to Mr G at the time the policy was sold. However, I find it unlikely, given his circumstances at the time, that more details about the policy would have deterred Mr G from taking out the policy.

summary

In summary, I do not believe I can safely conclude that Mr G was not aware of the optional nature of the PPI policy or that he was pressured into taking it out. I am satisfied that it was suitable for Lloyds TSB to recommend the PPI policy to Mr G given his circumstances at the time. Finally, I am not persuaded that Mr G would have decided against taking the PPI policy if he had been provided with clearer information about it.

Therefore, I cannot safely uphold Mr G's complaint. I am not persuaded by the limited evidence that is available in this case that I could reasonably conclude there was a failing on the part of Lloyds TSB and that any failing has been detrimental to Mr G.

It follows that I am not persuaded this policy was mis-sold.

my final decision

My final decision is that I do not uphold Mr G's complaint, and make no award against Lloyds TSB Bank Plc.

Jagdeep Tiwana
ombudsman