complaint

This complaint is about a payment protection insurance (PPI) policy taken out in July 2000 in connection with a credit card. Mr B says that Lloyds TSB Bank Plc (Lloyds TSB) mis-sold the policy because he was not made aware of the optional nature of the policy; the policy was presented to him as a condition of the credit card.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The questions I need to consider in a case like this are:

- whether Lloyds TSB 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, Lloyds TSB took adequate steps to ensure that the product it recommended was suitable for his needs.

If there were shortcomings in the way in which Lloyds TSB sold the policy, I then need to consider whether Mr B is worse off as a result; that is, would he have done something different - ie not taken out the policy - if there had been no shortcomings.

Lloyds TSB says that the sale of the policy took place in July 2000 and was conducted on an advised basis. It has supplied a copy of application from completed and signed by Mr B which indicates that the sale took place in a branch.

So not only did Lloyds TSB need to provide Mr B with clear, fair and not misleading information, it also needed to take reasonable steps to ensure that the policy was suitable for his needs.

Mr B says that the Lloyds TSB sales representative implied that taking out the policy was essential to get the associated credit, and that Lloyds TSB did not tell him that the policy was optional.

Having looked at the evidence I am not persuaded that this is the case. The application form for the credit card had a separate section relating to PPI and this was set out under the heading *'Optional Features'.*

This section contained the following text: *'for the additional peace of mind of knowledge 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 Asset Payment Protection'.* The form then presented the customer with the option to tick *'Yes'* or *'No'* boxes to accept or decline PPI. The two boxes had equal prominence. Mr B ticked the *'Yes'* box.

The form also contained a section which asked customers if they were interested in 'Sentinel Card Protection' and if they were interested in receiving more information about balance transfers. Mr B did not select either of these options. The next section asked customers to select one of five options in respect of statement dates for their new credit card and I note that Mr B selected option 5 ("No Preference").

All this leads me to conclude that Mr B chose the PPI option, but made no choice for two other offers before selecting his statement date preference. On balance this leads me to conclude that it is more likely than not that Mr B was aware that PPI was optional at the time.

At the time of the sale in 2000, Mr B met the eligibility criteria in terms of age, being a cardholder and was in good health, and would not therefore have been caught by any of the significant limitations and exclusions contained within the policy, such as those relating to health or employment that could limit the value of the policy in the event of a claim.

Mr B says that he had no need of the policy because he could have relied on his family. Whilst I understand the point he seeks to make, there can be no guarantee that his family'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 that Mr B had no need for the policy at that time - or that the policy was an unsuitable recommendation.

It is possible that the costs and benefits of this policy were not made clear. I note, however, that the cost of the policy appeared on his monthly credit card statements for several years after taking out the policy, yet he does not appear to have queried or objected to the level of these charges.

Lloyds TSB has told us that the PPI cost 75p for every £100 of balance outstanding. The policy paid out a benefit of 5% of his monthly outstanding balance for 11 months in the event of accident, sickness or unemployment and was at a higher level than any occupational provision. If Mr B was still claiming at month 12, the policy would have cleared his outstanding balance in full. In the unfortunate event of Mr B' death it would have paid off his credit card balance in full. Whilst it may not have been made clear that premiums would need to be met during a claim, and so the benefit is reduced because of that, or that premiums were interest bearing, it nevertheless remains a competitive benefit and higher than some other similar policies of its type. On balance, I am not persuaded that Mr B would have been put off by the cost, had it been made clearer and I find it likely he would have proceeded with the policy, in any event.

In conclusion, I am not persuaded that Mr B was affected by any of the exclusions or limitations of the policy and the cost of the policy would not have been unattractive to him. Although I cannot be certain that Lloyds TSB explained the policy's exclusions, limitations and costs to him in a clear, fair and not misleading way, I am not persuaded Mr B would have decided against taking out the policy if he had been properly advised and informed and fully understood the position. Rather, it seems more likely to me that given his then circumstances he would have decided the policy provided valuable protection in relation to his credit card (and potential liability) and still gone ahead with it.

my final decision

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

Andrew Macnamara
ombudsman