

complaint

This complaint concerns the sale of a regular premium payment protection insurance (PPI) policy in connection with a Lloyds Bank PLC ('Lloyds Bank') credit card. The credit card and PPI policy were taken out in 1997 during a branch meeting. Mr D says the PPI policy was mis-sold. Essentially, he says that he felt pressured into taking out the PPI policy as he was told that he could not get the credit card without taking out the policy. He also says that the PPI policy was not suitable for him because when he tried to make a claim, it was declined.

background to complaint

The adjudicator's view was that there was insufficient evidence to show that the policy had been mis-sold. Mr D 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 Bank gave Mr D 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 Bank took adequate steps to ensure that the product it recommended was suitable for Mr D's needs.

If I conclude that Lloyds Bank did not do this, I still need to be satisfied that Mr D 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 D's complaint. I have set out my reasons below.

pressured sale and optional nature of the PPI policy

Firstly, I have considered whether Mr D understood that he had a choice as to whether or not to take out the PPI policy. Mr D says he felt pressured into taking out the PPI policy but I was not present at the meeting between Mr D and Lloyds Bank, so I cannot be certain of what transpired. I have reviewed Mr D's submissions carefully and I do not doubt that they represent his honest recollection of events. However, I hope he will understand that I must also have regard to what the documentation produced at the time suggests to me.

The credit card application form signed by Mr D shows that he has ticked a box in the "TSB Credit Card Payments Insurance" section of the form, requesting that the PPI be added to his account. Mr D's signature appears in close proximity to the box he ticked to select PPI.

As other options on the form have not been selected, it appears to me most likely that Mr D gave consideration to all the options before choosing to select PPI. I am also mindful that the PPI premiums would have been clearly identifiable on Mr D's credit card statements for many years. If the PPI was something that Mr D did not want or feel the need for, I would have expected him to have cancelled it much sooner than he did. So, considering all the available evidence, I cannot safely conclude that Mr D was not aware the PPI was optional or that he was pressured into taking out the policy.

suitability

As this was an advised sale, Lloyds Bank had to ensure the policy was suitable for Mr D's needs.

Based on Mr D's circumstances at the time of the sale, I am satisfied that the recommendation to take out the PPI policy was not *unsuitable*.

I say this because:

- I am satisfied that Mr D was eligible for the policy.
- I am not persuaded that Mr D would have been caught by any of the significant exclusions or limitations under the policy (such as those relating to pre-existing medical conditions and unusual employment terms). I have taken account of Mr D's submissions that he was unable to claim against the PPI policy when he was absent from work due to surgery. I have asked our Adjudicator to contact Lloyds Bank, which has in turn contacted the insurer. However, we have been unable to obtain details of any claim being declined. Furthermore, there is nothing in the policy terms that suggests that Mr D would have been prevented from claiming, so I am unable to uphold the complaint on this basis. However, Mr D may wish to consider pursuing a retrospective claim in respect of the time he was away from work due to surgery.
- In the event of an accident or sickness, Mr D says that he would have been in receipt of statutory sick pay. Mr D has also said that he had no other means to make his repayments in the event of accident, sickness or unemployment. In this case, the PPI policy would have provided a 10% benefit for 12 months in the event of accident, sickness and unemployment. In the unfortunate event of Mr D's death, the policy would have paid off his balance. I note that the benefits under the policy would have been payable in addition to Mr D's statutory sick pay. I am therefore satisfied that the PPI policy would have removed the additional pressure on Mr D of maintaining his credit card repayments in the event that he 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.
- The policy benefit of 10% was competitive and higher than similar policies of its type on the market at the time. I am satisfied that the cost was most likely no more than 79p per £100 of the outstanding balance, which appears to have been affordable for Mr D, based on his circumstances at the time of the sale. I am also satisfied that Mr D had some need for the cover, and, in the event of an accident, sickness or unemployment, the PPI would have provided a worthwhile benefit.

Based on the above conclusions, in my view, any advice or recommendation made to Mr D to take out the policy was not unsuitable in the circumstances.

information provision

I have gone on to consider whether Lloyds Bank provided sufficient information to Mr D so he could make an informed choice, and if not, whether this is likely to have affected his decision to take out the policy.

I cannot be certain that all Mr D's information needs were met at the time of the sale as I do not know what was said at the meeting or what documentation Mr D received. However, I am satisfied Mr D wanted cover and was prepared to pay *something* for it, so I find it unlikely that a better explanation of the costs and benefits would have put him off taking out the policy.

summary

Having considered the evidence carefully, while there may have been some shortcomings in the information provided by Lloyds Bank, I cannot say for certain that Mr D has been disadvantaged by this. I am not persuaded that the policy was unsuitable, or that Mr D would have acted differently and declined the policy, had he been better advised and informed. Additionally, I cannot safely conclude that Mr D was not aware the PPI was optional or that he was pressured into taking out the policy.

It follows that for the reasons set out above, I do not uphold Mr D's complaint.

my final decision

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

Jagdeep Tiwana
ombudsman