

complaint

This complaint concerns a regular premium payment protection insurance ("PPI") policy sold in conjunction with a credit card in December 2003. Mr A says that The Royal Bank of Scotland Plc ("RBS") mis-sold the policy.

background

Our adjudicator concluded that the policy was not mis-sold and therefore did not uphold Mr A's complaint. Mr A does not agree with this view and so the matter has been referred to me for a final decision.

my findings

I have provided only a brief summary of the complaint above but in reaching my decision I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also taken into account the law and good industry practice applicable at the time the policy was sold.

Having done so, I think the relevant considerations in this case are the same as those set out in the technical note on our website which explains our approach to complaints about the sale of PPI.

The key issues that I need to consider therefore are:

- Whether RBS gave Mr A 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 that he was buying; and
- Whether, in giving any advice or recommendation, RBS took adequate steps to ensure that the product it recommended was suitable for Mr A's needs.

If RBS did something wrong when selling the policy, I will then consider whether Mr A would have acted differently if it had not done so.

Having carefully considered all of the arguments put forward by the parties and all of the evidence available, I've decided not to uphold this complaint.

was the optional nature of the policy made clear?

Mr A has complained that he was given the impression PPI was compulsory with the credit card and that getting the card was dependent on him taking out the insurance. RBS says that the forms that Mr A would have filled in and been sent made it clear that the policy was optional.

It is agreed between the parties that the policy was sold by way of a postal application. RBS has provided a copy of the credit card application form which appears to have been completed by Mr A. I can see that there is a section relating to "card payment protection" (PPI) which says "please note: your monthly repayments will not be protected unless you take card payment protection cover (see details enclosed)". There is a section entitled "YES, please protect my payments now" which has a tick next to it. I can see that Mr A has also

ticked next to 'air miles registration' but has declined to tick for 'Sentinel Card Protection – 90 day free trial'. Mr A has signed the bottom of this form.

So I think, in light of this evidence, including the way the form is set out and the choices that Mr A has made for some benefits but not others, it would have been clear to him that this was an optional extra with the card and not compulsory in any way.

was advice given by RBS?

There is some dispute in this case as to whether advice was given during the sale. RBS says that it was not but Mr A says it was. Having looked closely at the evidence and sales documentation, I can't see anything to suggest that advice was given by RBS nor that any personal recommendation tailored to Mr A's particular circumstances was given. I have borne in mind that this was a postal sale and therefore without any direct involvement from a sales adviser so I think it unlikely that this was an advised sale.

were Mr A's information needs met?

As I don't consider this to have been an advised sale, it was not RBS' responsibility to ensure that the policy was suitable for Mr A – rather this was Mr A's responsibility. RBS did, however, need to ensure that it provided information that was clear, fair and not misleading so that Mr A could make an informed choice about whether to buy the policy or not.

Mr A makes several complaints about the information provided through his representatives: that the policy was not fully explained and misrepresented, that RBS failed to highlight that not all named borrowers would be covered by PPI, that full information was not given as to what the policy would and would not cover, that the exclusions and limitations under the PPI policy were never explained, that no enquiries were made of Mr A's employment status, that no detailed examination of Mr A's pre-existing medical conditions were carried out nor what was covered and excluded by the policy, that the terms and conditions weren't explained and that RBS failed to provide the correct information, if any, prior to the sale of PPI.

RBS has referred this service to some of the point of sale documents that it says Mr A would have received with the application form. It says he would then have received a copy of the policy document with the credit card and would have had as much time as he needed reading the key features and exclusions before posting the form back.

RBS hasn't provided all the documents referred to and so I can't be sure as to what was sent to Mr A before the sale and what, if any, information was drawn to his attention. So I can't be sure that all of Mr A's information needs were met. Accordingly, I accept that there may well have been failings by RBS in the information that it provided to him.

would Mr A have made a different choice?

Although I accept there were probably failings by RBS, it doesn't necessarily follow that I will uphold Mr A's complaint as I don't believe that better information would have made any difference to his decision to take out the policy. I say so for the following reasons:

- Mr A was eligible for the policy, in employment and good health at the time of sale. So I can't see that he would have been caught by any of the significant limitations or exclusions which might limit the value of the policy to him or prevent him from making a successful claim. I note that Mr A complains he wasn't examined or told about the

exclusions relating to pre-existing medical conditions. But as he has told this service he was in good health at the time of buying the policy, I don't think that any such limitations would have unduly mattered to him.

- The PPI policy provided cover in the event that Mr A was unable to work due to accident, sickness or unemployment. I understand that Mr A did not have any sick pay entitlements with his employer at that time other than statutory sick pay and no savings. So I think, given his circumstances, taking on a new financial commitment with no other existing benefits, he had a need for cover. The policy provided cover for up to 12 months per claim and would have paid significantly more than his minimum credit card repayment each month. This would have been an enhancement to any existing employer benefits such as statutory sick pay, paying out in addition to this. It also covered him for redundancy.
- Mr A says that his partner could have helped out with the repayments if need be. Whilst I do not doubt that his partner would have wanted to help out, this would not have been guaranteed – people's circumstances change and so I don't consider this to be a reliable alternative source of income.
- I understand the policy premium was around 76p per £100 of the outstanding balance and provided a 10% benefit. I haven't seen any evidence to suggest that this was unaffordable or unacceptable to Mr A at that time.
- The policy was flexible as it could be cancelled at any time with notice.
- I note what Mr A says about not being given the option to purchase the PPI from elsewhere. But RBS was under no obligation to make suggestions of more competitively priced products to its own. Its responsibility was to provide information about *this* policy.

So although I do think that there were probably failings by RBS in the provision of information to Mr A, I don't currently think additional information would have put him off buying the policy. For the reasons given above, I think there was a need for cover. And so even if Mr A's information needs were not fully met, I think it more likely than not that he would still have taken the policy out.

It follows that I do not uphold this complaint.

my final decision

For the reasons set out above, my final decision is that I do not uphold Mr A's complaint against The Royal Bank of Scotland Plc.

Rebecca Wood
ombudsman