

complaint

Mrs M says Lloyds Bank Plc, trading as TSB (“Lloyds”) mis-sold her a payment protection insurance (“PPI”) policy.

background

It’s not clear how or when Mrs M bought the policy, but it was added to a credit card she took out in 1997.

The policy cost no more than 79p per £100 of Mrs M’s outstanding monthly statement balance. And in the event that she was too ill to work or lost her job, it would’ve paid off 10% of that balance for up to 12 months per claim. The policy also provided some life cover.

Our adjudicator didn’t think the complaint should be upheld. Mrs M disagreed with the adjudicator’s opinion, so the complaint has been passed to me.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. We’ve set out our general approach to complaints about the sale of PPI on our website and I’ve taken this into account in deciding Mrs M’s case.

Having done so, I’ve decided not to uphold Mrs M’s complaint and I’ll explain why.

Lloyds hasn’t been able to provide any original documents to confirm what happened. And Mrs M hasn’t given a detailed account of the sale either. This isn’t surprising given the amount of time that’s passed since the sale took place. But it means I need to think about what was more likely to have happened when PPI was sold.

Lloyds’ records suggest the credit card was taken out in 1997, but it can’t confirm how it was sold or whether PPI was added at the same time. Mrs M thinks she applied by postal application, but she’s said the PPI was sold in 2000. The earliest credit card statement available is from 2000, so it’s not clear whether PPI was taken before then or not. And if it was taken after the credit card, it might’ve been sold by another method. Because it’s unclear, I’ve thought about how all methods of sale would affect Mrs M’s complaint between 1997 and 2000.

Lloyds says it would’ve let Mrs M know the policy was optional and got her consent before it added PPI to her account. But Mrs M says she would’ve declined PPI if she was offered it, especially because she was self-employed and didn’t think it would cover her.

I haven’t got a copy of a completed application form to confirm what Mrs M would’ve seen or been told. But if the policy was sold with the credit card in 1997, from our knowledge of Lloyds’ sales practices at this time, I think Mrs M would likely have been made aware the policy was optional. We’ve seen a number of similar sales from that period and I think Mrs M would have needed to tick a box to confirm she wanted PPI. Lloyds has provided a sample copy of the application forms it used around this time and this shows that PPI would have to be actively selected by the consumer – which is consistent with what we know.

If the PPI was sold later than this, Mrs M would've already had her credit card for some time beforehand. So I think it's likely she would've known PPI wasn't compulsory in order to have the card. The PPI appeared on Mrs M's credit card statements, so I think she would've seen it. And if Mrs M hadn't agreed to take PPI, I would've expected her to query the transactions with Lloyds much sooner. So although Mrs M doesn't recall taking PPI, I think it's more likely she was aware she had a choice about PPI and that she chose to take it at the time.

Mrs M says Lloyds didn't recommend the policy to her and if she applied for it by post at the same time as the card, then it probably didn't. But without any information to show whether it gave a recommendation or not, Lloyds has considered the complaint as though it did. This puts more responsibility on Lloyds, as it would've had to check the policy was suitable for Mrs M. So I've looked at the complaint as though a recommendation was given and based on what Mrs M's told us about her circumstances, the policy appears to have been suitable for her. I say this because:

- From the information I've seen, Mrs M was eligible for the policy.
- Mrs M doesn't appear to have been affected by any of the things that might've made it harder for her to claim on the policy, such as having a pre-existing medical condition.
- Mrs M says she didn't think the policy would be suitable for her because she was self-employed at the time. But from what we know, Mrs M would've been covered and the terms wouldn't have made it any more difficult for her to claim than if she was employed.
- As a self-employed person Mrs M wouldn't have received any work related benefits and she says she didn't have any other way to make her monthly payments if she was unable to work. So I think the policy could've been useful to her if she fell on difficult times.
- I haven't seen anything to suggest the policy was unaffordable for Mrs M.

Lloyds also had to give Mrs M enough information about the policy, so she could decide whether it was right for her.

It's possible the information Lloyds gave Mrs M about the terms and cost of the policy wasn't as clear as it should've been. But from my knowledge, the cost was comparable to other similar policies available on the market at the time. And for the same reasons as I think the policy was suitable for Mrs M, I don't think better information would've put her off buying it.

So I don't think Mrs M lost out because of anything Lloyds might've done wrong.

my final decision

For the reasons set out above, I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 2 October 2017.

Hanna Johnson
ombudsman