

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. Mr G says the policy was mis-sold. Essentially, he says that he did not need the policy and should not have been sold it, particularly as he was self-employed.

background

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 Bank 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 Bank took adequate steps to ensure that the product it recommended was suitable for Mr G's needs.

If I conclude that Lloyds Bank 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.

Mr G originally told us that he could not recall how the PPI policy was sold, but more recently he has said that he completed a postal application. Lloyds Bank has said that the sale took place in branch. Although there is some disagreement between the parties on this point, it is not material to the outcome, so I do not need to make a determination as to how the sale took place. Both parties agree that Lloyds Bank recommended the policy to Mr G and as the test is higher with regard to an advised (as opposed to a non-advised) sale, I shall determine the complaint on this basis. This means that Lloyds Bank had to ensure the policy was suitable for Mr G's needs. Before dealing with the issue of suitability, I have first looked at whether the optional nature of the PPI policy was made clear to Mr G.

optional nature of the PPI policy

Lloyds Bank has provided a copy of the credit card application form completed by Mr G. There is a separate section of the form that deals with "TSB Credit Card Payments Insurance". The following statement appears on this part of the form: "*Tick here if you would like to be covered by TSB Credit Card Payments Insurance*". There is a tick in the box next to this statement and Mr G has signed the form on the same page. So on balance, I do not consider that I have sufficient weight of evidence to persuade me that Mr G was unaware of the optional nature of the PPI policy.

suitability

Based on Mr G'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 G was eligible for the policy.
- In the event of an accident or sickness, Mr G would not have been in receipt of any pay from his employer because he was self-employed at the time of the sale. In addition, it does not appear that Mr G had any 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 G's death, the policy would have paid off his balance. I am therefore satisfied that the PPI policy would have removed the additional pressure on Mr G 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.
- Mr G was self-employed as a tennis coach at the time of the sale. Having considered the terms of the policy carefully, I am not persuaded that making a successful unemployment claim would have been any more difficult for Mr G than it would have been for someone who was employed. I am therefore satisfied that Mr G could benefit from the unemployment cover and there is no suggestion that he would have found it onerous to make a claim on the cover.
- The policy benefit was 10%, which was competitive and higher than similar policies of its type on the market at the time. I consider a cost of 72p per £100 of the outstanding balance would have been affordable for Mr G, based on his circumstances at the time of the sale. I am also satisfied that Mr G had some need for the cover and in the event of an accident, sickness or unemployment, the PPI would have provided a worthwhile benefit. Lloyds Bank has also provided a copy of one of Mr G's monthly credit card statements and having reviewed this, it appears to me that the PPI premiums are clearly identifiable and would have been visible on Mr G's statements for many years. If the PPI was something that Mr G did not want or feel the need for, I would have expected him to have cancelled it.

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

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

information

It is difficult for me to know whether all Mr G's information needs were met at the time of the sale. Nevertheless, given that the cost of the policy (ie 72p per £100 balance) is set out on the application form in close proximity to the box Mr G ticked to select PPI, I think it more likely than not that Mr G understood at the time of purchasing the PPI policy, that he would be paying 72 pence per £100 balance and that in broad terms he would receive cover in relation to accident, sickness and unemployment. I am satisfied Mr G 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.

Additionally, having considered Mr G's circumstances, I am not persuaded that he would necessarily have been put off taking out the policy if he had been fully informed about the self-employed terms as these were no more onerous for him than for employed persons. It appears that Mr G had some need for the PPI, and as I have already said, he does not appear to have been affected by any of the significant limitations or exclusions of the cover, and so could have benefited from the cover it provided.

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 G has been disadvantaged by this. I am not persuaded that the policy was unsuitable, or that Mr G would have acted differently and declined the policy, had he been better advised and informed.

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

my final decision

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

Jagdeep Tiwana
ombudsman