

complaint

Mrs B complains about a monthly payment protection insurance (“PPI”) policy added to her credit card account by Barclays Bank Plc (“Barclays”). The PPI was added to her account when she applied to Barclays in September 2004 separately for it. Mrs B complains on the basis that the PPI was mis-sold to her.

background

Mrs B complained to Barclays, who did not uphold her complaint. She has brought her complaint via her representatives to this service, and an adjudicator in her case also decided to not uphold her case. She has asked for an ombudsman to provide a final decision in relation to her complaint.

my findings

I have included only a brief summary of the complaint above, but I have considered all of the available evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances. In doing so, I have also taken into account the law and good industry practice at the time the policy was sold.

The key questions I will consider in this case are as follows:

- Whether Barclays gave Mrs B information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.
- If Barclays was giving advice or making a recommendation, whether it took adequate steps to ensure the product being recommended was suitable for Mrs B’s needs.

If there were shortcomings in the way in which Mrs B was sold the policy, I will also consider whether she is worse off as a result; that is, would she had done something differently – such as not taken out the policy – if there had been no shortcomings.

I have decided to not uphold Mrs B’s complaint. I explain why below.
basis of sale?

Barclays and Mrs B disagree about the basis of this sale. Essentially Barclays says it was an advised sale, whereas Mrs B has suggested she did not receive advice or any recommendations. I am happy to conclude that this was an advised sale based upon Barclays’ observations and sales practices. I have seen the sales script provided and, based upon this and Barclays’ own understanding of the sale, I am happy to conclude that Mrs B was advised in this sale. Mrs B had originally held her credit card with Barclays since February 1997, and Barclays have provided me with screenshots illustrating when the account was opened and when the PPI was added to the account. They say that, because Mrs B already had the use of the credit card for some time, the PPI must have been added by way of a telephone call as PPI could not be added through their processes alone, via the internet or post. On this basis, I am satisfied that the sale was conducted via telephone, and advised, and that Barclays had to ensure that the information they provided to Mrs B was clear and fair, and that the recommendation and advice to take out the PPI was suitable for her circumstances at the time.

did Mrs B have a clear choice when selecting the PPI?

I must decide cases based upon the balance of probabilities from the information placed before me. That is to say that, in examining the sale and evidence arising from it, including testimony, contemporaneous documentation and other relevant material, I must form conclusions on what appears more than likely to have happened. Given that Mrs B had held her credit card for some seven years before the PPI was added, it is fair of me to conclude that the PPI could only be seen as an additional extra by her. The credit card facility was already established for some time and the PPI was therefore not required to maintain the credit card account or as a mandatory product to secure the credit card. Mrs B has said that the PPI was added “*automatically*” to her account, whereas Barclays have said that their advisors were required to ensure that the customer had full knowledge of what they were buying and had their full agreement before adding the policy. I have seen the sales scripts that Barclays says were in use at the time of this sale, and it appears that a consumer is presented with a choice about accepting or rejecting the PPI. The script refers to “*would you like to apply for payment protection insurance*”? This necessitates a “yes” or “no” answer. Given that I have no call recording or other evidence to suggest that this was added in any other way, I am left with the only plausible possibility being that Mrs B has agreed to “add” the PPI during a telephone conversation with Barclays.

It appears just as likely to me that, because Mrs B had the credit card facility for some time, and that the PPI was added at a later stage, she knew it was optional. I cannot safely say that Mrs B was unaware that the policy was optional. Her complaint does not succeed on this basis.

was the policy a suitable recommendation for Mrs B?

As explained, Barclays had to ensure the PPI was a suitable recommendation for Mrs B. As such, I look towards what the PPI offered to her at the time of sale assessed against Mrs B’s circumstances.

The policy appears to have been suitable for Mrs B’s circumstances at the time. She was eligible for the cover and it was affordable for her. Mrs B has told me that she cannot remember her workplace entitlements at the time of taking out the policy.

However, I note that the PPI paid for a maximum of 12 months in the event of accident, sickness or unemployment, and paid 10% of her monthly outstanding balance in the event of a successful claim. The policy also provided life cover and would’ve paid off her credit card balance in the unfortunate event of Mrs B’s death. Barclays have confirmed that the cost of the policy was 79p per £100 of outstanding monthly balance. The policy therefore provided a competitive benefit for her, at relatively low cost in the market place at the time, and I cannot say that she would not have benefitted from the policy in any way. The policy would’ve provided her with quite clear benefits which would have paid out alongside Mrs B’s workplace benefits at the time. This would have enabled her to use such workplace benefits elsewhere, at a difficult time, if she was unable to work. Although the policy included conditions limiting the cover for some people (for example, those with pre-existing medical conditions or the self-employed), it doesn’t appear these restrictions applied to Mrs B’s circumstances either, so she could have benefited from the full extent of the policy, if necessary. I have noted that Mrs B had no other way to meet her repayments, such as savings or other means of protection; as such, the PPI would have provided her with welcome breathing space if she was unable to work at all.

I have also placed weight upon the fact that, at the time the PPI was selected, Mrs B had an approximate outstanding balance of £1,200 and the monthly minimum repayment at the time of the PPI sale exceeded £100. The PPI would have been of immediate benefit to her in this circumstance, too, if the need to claim arose, thereby already protecting her existing borrowing.

I find the policy was suitable for her.

did Barclays provide Mrs B clear and fair information about the PPI?

I'm not satisfied in this case that Barclays drew Mrs B's attention to all the significant features of the policy. Barclays says that she would've received details about the policy from their advisor at the point of sale, and that they would have discussed Mrs B's circumstances with her at the time to determine whether it was a suitable product for her. They also say that terms and conditions would have been sent to Mrs B after conclusion of the telephone sale.

Mrs B has told me that she never received any explanation about the policy's significant features, nor had the costs and benefits explained to her. However, given the passage of time, I cannot say with any degree of certainty that Mrs B ever did receive an explanation about the policy's significant features at the point of sale, or the follow-up documentation. As such, there is a very real risk of information failings in this sale. But it doesn't automatically follow from this that I should uphold her complaint. I need to be satisfied that Mrs B has lost out as a result – in other words, that she would have acted differently (and decided not to take out the policy) if Barclays had clearly explained all of the policy's significant features.

I cannot say whether Barclays explained the cost and benefits of the policy fully to Mrs B or, if they did, that she understood that she would have to keep paying for the policy during a claim – and that this meant the real benefit was actually slightly less than the 10% stated.

But the policy's cost and benefit were still relatively competitive in the market at the time, and the benefit would still have paid out significantly more than Mrs B's minimum credit card repayment each month. So, given that I think Mrs B wanted the cover, that she could afford it and that she probably didn't expect the benefit to be a great deal more than it actually was, I'm not persuaded she would have been put off taking out the policy if the cost or benefit had been better explained. Such information would have simply have revealed to her that it was affordable and provided her with a good benefit alongside her workplace entitlements.

I cannot say therefore that, if she was provided with further information about the cost and the benefit, she would have walked away from the PPI sale. Mrs B's circumstances at the time suggest that she had a need for the policy, and I cannot ignore that she quite possibly selected the PPI being aware of her need for it. It is just as likely, in my findings, therefore that any further information would not have revealed facts about the policy which would have acted as a deterrent to Mrs B.

Although I can't say either that the policy's exclusions and limitations were drawn to Mrs B's attention, I don't think this would have mattered to her. I say this because her circumstances at the time lead me to think it unlikely she would have been caught by those terms. She has told me that she was in good health at the point of sale and was employed in a full time role.

As such, she would not have been affected by any of the more unusual and onerous terms restricting claims based upon pre-existing medical conditions, for example, or those impacting upon the self-employed. Any further information here would not have acted as a

deterrent against purchasing the policy, as she was simply not affected by such terms. Essentially, I think Mrs B wanted the cover and, given that this policy was suitable for her and provided broadly what I think she expected, I'm not persuaded she would have made a different decision (and decided against taking it out) if any of the features had been better explained. Further information would have revealed that this was a suitable product for her at the time.

Despite the risk of information failings in this sale, I am of the view that they have not caused Mrs B any detriment. I do not uphold his complaint.

my final decision

I do not uphold this complaint and I make no award against Barclays Bank Plc.

Daniel Lucas
ombudsman