

summary of complaint

This complaint concerns a monthly premium payment protection insurance (“PPI”) policy. The policy provided accident, sickness, unemployment and life cover in connection with a credit card taken out in 1998. Mrs A says that Lloyds TSB Bank Plc (“Lloyds TSB”) mis-sold the policy.

Background

Our adjudicator rejected Mrs A’s complaint in February 2013. She concluded that Mrs A did receive information that was clear, fair and not misleading. She also found that it was more likely than not that Mrs A was given a choice to have the PPI policy. Mrs A did not agree with our adjudicator, so therefore her complaint has been passed to me to determine.

my findings

I have considered afresh everything that Mrs A and Lloyds TSB have said and provided from the outset in order to decide what is fair and reasonable in the circumstances. I have also taken into account the law and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out on our website.

The questions I need to consider are:

- firstly, whether Lloyds TSB gave Mrs A 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; and
- secondly, whether in giving any advice or recommendation, Lloyds TSB took adequate steps to ensure that the product it recommended was suitable for Mrs A’s needs.

In the event I am persuaded to find in her favour on one or the other of the above, I shall need also to consider whether Mrs A acted to her detriment as a consequence of any shortcomings on Lloyds TSB’s part.

There does not seem to be any dispute as to whether Lloyds TSB gave advice to Mrs A in the branch meeting when it sold her insurance along with a credit card in June 1998. Both parties agree that it did.

Therefore Lloyds TSB had a duty to ensure that its recommendation was a suitable one for Mrs A, so I have gone on to consider this. And in doing so, I do not consider it necessary to draw any firm conclusions on whether it fulfilled its duty or not because it is not material to the outcome of the complaint.

I say this because even if I were to assume that there were shortcomings in the way Lloyds TSB sold the policy, for the reasons set out below I am not persuaded I can safely conclude the policy was unsuitable for Mrs A, taking into account the policy benefits, cost of cover and her broader financial circumstances at that time. Neither am I persuaded that she would most likely have acted differently (that is, not taken out the policy) had she been properly advised and informed.

I say this because I find it more likely than not Mrs A was eligible for the policy. Mrs A's representatives suggest that Mrs A was working part time at the point of sale and this may have meant that she didn't meet the eligibility criteria. I have reviewed the application form to consider this point and can see from the information given by Mrs A that it is more likely than not that she would have been working more than 16 hours a week and in the absence of any other evidence to suggest otherwise, I find it more likely than not that she was eligible for the policy sold to her by Lloyds TSB.

Mrs A does not appear to have been affected by any of the limitations on or exclusions to the cover it provided. She was employed with some sickness benefits although she had little in the way of savings or other cover to meet this liability in the event of accident, sickness or unemployment. In the circumstances, I find it plausible that if the cost and the level of cover were agreeable to her, that as she had little in the way of assets to meet this potential liability, she seemed to have a need in taking out such cover, which would assist with making the credit card payments in the event of accident, sickness or unemployment.

The cost of cover at the point of sale was 77p per £100 of the outstanding card balance as at the statement date, although that has increased since. In exchange, the policy would pay a monthly benefit of 10% of that balance for up to 12 months per claim, with the remaining balance being paid in full in the final month. The policy would also pay off the outstanding balance in the event of Mrs A's death. The cost of the policy relative to the monthly benefit payable, appears to be broadly competitive with many alternatives available elsewhere.

Mrs A argues through her representatives that she was not properly informed of the optional nature of the policy. She believes that she only agreed to take out the policy on the insistence of the sales agent. Of course I cannot know for sure what was said between both parties when the credit card and insurance were discussed in the branch in 1998. And with this in mind, on balance, I do not consider Mrs A's submissions are strong enough for me to safely conclude she was misled over the optional nature of the policy or that she was pressured into accepting the policy. And in the circumstances, and taking into account all of the available evidence, I consider it most likely rather than being misled into buying it, Mrs A was offered the policy as optional by Lloyds TSB in the branch meeting and she agreed to have the insurance set up with her new credit card.

Overall, I am not persuaded that Mrs A would most likely have acted differently had she been properly advised or informed and fully understood the position.

my final decision

For the reasons set out above, I am not persuaded that Mrs A has suffered detriment as a result of any possible shortcomings on Lloyds TSB Bank Plc's part in selling this PPI policy.

It follows that I do not uphold Mrs A's complaint or make any award against Lloyds TSB Bank Plc.

Mark Richardson
ombudsman