

complaint

Mr K complained that he was mis-sold a regular premium payment protection insurance (PPI) policy in connection with a credit card by The Royal Bank of Scotland plc (RBS) in March 2000.

my findings

I have considered all the available evidence and arguments 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 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. Therefore the overarching questions I need to consider are:

- Whether, in giving any advice or recommendation, RBS took adequate steps to ensure that the product it recommended was suitable for Mr K's needs.
- Whether RBS gave Mr K 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.
- If there were any shortcomings in the way the policy was sold, I need to decide if Mr K is worse off as a result. That is, would Mr K be in a different position to that which he finds himself in now had there been no shortcomings.

Mr K took out the PPI policy in connection with a credit card in March 2000. It is not in dispute that Mr K was not advised to take out the policy, but the parties' recollections differ with regard to the method of sale. RBS told us that the policy was sold during a telephone call. Mr K's testimony was inconsistent in this respect, in that he initially could not recall how the PPI cover was taken out, saying that it was added to his credit card without his consent.

Later, Mr K said that he thought the PPI sale took place at a branch of RBS, but that he thought it was card protection cover, that is, insurance relating to the loss or theft of the card, or to identity theft, and that it was presented as being compulsory.

Given that the PPI cover was added to Mr K's credit card in 2000, and recollections can fade with time, it is not surprising that Mr K may not recall the exact circumstances.

This is a difficult case to decide as there is very little evidence. Looking first at the issue of consent, I note that Mr K took out the credit card in 1999, so I am satisfied that the PPI cover was not presented as a condition of obtaining the credit card itself. RBS told us that its sales process requires the consumer's agreement to be obtained. I also have before me copies of some of Mr K's credit card statements, and I see that, where the balance has not been paid in full, there is an entry marked '*cardholder protection plan*' with the relevant premium alongside. This seems to me to be sufficient to have alerted Mr K to the existence of the policy, or at least that this was something unexpected that he could have queried, had he not consented to the policy.

I have also considered Mr K's testimony that he thought the insurance provided cover relating to loss or theft of the card, or identity theft. I have before me a copy of the credit card terms and conditions, and the credit card agreement, and I note that there is reference to a

card registration product, which seems to me to relate to loss or theft. However, from my knowledge of the market, this type of insurance tends to involve a relatively low, single annual premium, rather than a variable monthly amount. Again, this seems to me to be something that ought reasonably to have been sufficient to alert Mr K to an unexpected charge that he could have queried; I have no evidence to suggest that he did so. I accept that it is possible that the sales representative did not explain the insurance clearly. However, it is also possible that, with the passing of time, Mr K may not recall the substance of the conversation.

I have considered Mr K's arguments carefully, but on balance, I do not consider that I have the weight of evidence to safely conclude that the PPI cover was added to Mr K's card without his consent, or that it was presented as a different type of insurance.

As both parties agree that this was not an advised sale, I now need to consider the provision of information to Mr K.

RBS says the policy information would have been made available to Mr K during the telephone call and then confirmed afterwards in a policy document. The policy information provided by RBS shows the policy details under reasonably clear headings, albeit in rather small print. However, given the limited evidence available, and the differing testimony on the method of sale, I cannot know what information may have been provided to Mr K, and at what point. Therefore I cannot safely conclude that there were no shortcomings in the provision of information.

I now need to consider whether, had there been no shortcomings, Mr K would be in a different position to that which he finds himself in now.

RBS has told us that the PPI cost 75p for every £100 of balance outstanding. In the event of a successful claim, the monthly benefit payable would have been 10% of the outstanding balance for up to twelve months per claim. Based on our knowledge of the market at the time, this seems competitive.

From the information provided by Mr K, he seems to have been eligible for the PPI cover, and I cannot see that he would have been caught by any of the significant exclusions and limitations in the policy. It does not appear that the cost of the PPI cover was an issue.

Looking at Mr K's wider circumstances, he told us that he was entitled to six months' full pay and six months' half pay in the event of illness, but had no other means of making repayments in case of difficulty. The monthly benefit would have been paid in addition to Mr K's sick pay entitlement, so it seems to me that the policy benefits could have been useful to Mr K.

Taking all of this into account, on balance I am not persuaded that Mr K suffered detriment, even though I cannot be certain about the information provided.

Therefore, it follows that I do not uphold Mr K's complaint.

my final decision

I realise my conclusions will be a disappointment to Mr K, but for the reasons set out above, I do not uphold Mr K's complaint, or make any award against The Royal Bank of Scotland plc.

Jan Ferrari
ombudsman