

complaint

Mr R says MBNA Limited ('MBNA') mis-sold him a payment protection insurance ('PPI') policy.

background

This complaint is about a credit card PPI policy taken out in 1999. The policy was added to Mr R's credit card account when he applied for the card by post.

Our adjudicator didn't uphold the complaint. Mr R 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 Mr R's case.

I've decided not to uphold Mr R's complaint. I'll explain why.

Mr R says if he'd been given a choice he wouldn't have opted to take the PPI. He's also said that he doesn't think the tick on the application form is his.

I've looked at the copy of Mr R's signed application that MBNA has given us. I can see that there's a section about PPI and two options, to say 'yes' or 'no' to the cover. And the 'yes' option has been ticked.

I've thought about what Mr R has said about the form. But given how long it's been since the sale, I also have to take into account the possibility that understandably Mr R may not recall ticking the box. So based on everything I've seen I think it's more likely that Mr R agreed to take the PPI. I also think it's likely Mr R would've known the PPI was optional.

MBNA didn't give advice, so I don't need to consider whether the policy was suitable. But it still had to give Mr R clear information about the policy.

The information MBNA gave Mr R about the PPI wasn't as clear as it should've been. But Mr R chose to take out the policy and so it looks to me like he wanted this type of cover. And he wasn't affected by any of the exclusions or limitations.

I don't think MBNA properly explained the cost (*68p per £100 of the statement balance*). It mentioned this on the application form but it didn't explain that the premium would be added to Mr R's credit card balance and could attract interest. It also didn't explain the level of benefit (3% of the statement balance) or the fact that Mr R has to continue paying the premium if he's receiving this benefit.

Mr R has told us that he wasn't entitled to any sick pay or redundancy payment from his employer at the time. He's said he had other forms of cover from his employer and protecting his mortgage. But from what Mr R has told us about these, it doesn't look like

these would've paid benefits if he wasn't able to work because of illness, or was made redundant. And he's said he could've relied on the support of family and friends. But this type of support can't always be guaranteed as circumstance might've changed. And in any event, Mr R was solely responsible for meeting his card repayments, so I think in his situation he wouldn't have wanted to rely on this.

So looking at what I know about Mr R's circumstances, it seems to me that if he lost his job or was unable to work due to illness, he would've struggled almost immediately to meet his card repayments as he had very little 'breathing space'.

The cost of the policy was relatively low (compared to others in the market). And so the policy provided Mr R with a safety net, even at such a low level of benefit, which I think in his circumstances he might've considered useful. So I think Mr R would still have bought the policy even if better information had been given.

This means it isn't appropriate for me to uphold this complaint, as Mr R hasn't lost out as a result of the problems with the sale.

I've taken into account all of Mr R's comments, including what he's said about the benefits paid by the policy and the 'waiting period' for a claim. But based on my reasons above, I still don't think this complaint should be upheld.

my final decision

For the reasons set out above, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 June 2016.

Adam Williams
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