

complaint

Through his representative Mr A complains that The Royal Bank of Scotland Plc ("RBS") mis-sold him a regular premium payment protection insurance ("PPI") policy when he took out a Mint credit card in 2004.

background

As RBS did not uphold Mr A's complaint he referred it to this service. Our adjudicator assessed the case and recommended that it should not be upheld. Mr A does not agree with that assessment and has asked for his complaint to be considered by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I base my decision on the balance of probabilities – that is, what I consider is most likely to have happened given the evidence that is available and the wider surrounding circumstances.

I have taken into account the law and good industry practice at the time the policy was sold.

The questions I need to consider are:

- whether RBS gave Mr A 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;
- whether, in giving any advice or recommendation, RBS took adequate steps to ensure that the product it recommended was suitable for Mr A's needs.
- If there were shortcomings in the way in which the business sold the policy, I then need to consider whether Mr A is worse off as a result; that is, would he have done something different – for example not taken out the policy - if there had been no shortcomings.

was the policy presented as optional and did Mr A consent to it?

Mr A complains that the policy was added without his consent.

RBS has provided copies of documentation from the point of sale. I am satisfied that this was a postal application for a credit card, made after a mailshot was sent to Mr A by RBS. His name and address were pre-populated and he was required to complete the rest of the form. He has signed and dated it in January 2004.

At section 4 there is the heading "*Payment protection*". This is followed by:

"PLEASE NOTE: Your monthly repayment will not be protected unless you take payment protection cover (see details enclosed)

Yes, please protect my repayments now ☐

There is a tick in the box in Mr A's application form.

I am satisfied that RBS, through this form, adequately presented the policy as optional. If Mr A had not wanted it he simply had to do nothing.

I note that above the PPI section Mr A has ticked that he wished to make a balance transfer. Beneath the PPI section he has not ticked for card registration or cashback. He has then completed the section to opt for an additional card holder.

RBS has also provided copies of some of Mr A's credit card statements from 2004 and 2012. I note that in the narrative showing the transactions the PPI premium being charged is described as "*payment protection*" and "*payment protection insurance*". I am satisfied that this adequately describes the item on the statement. As the sums charged were not insignificant I would have expected Mr A to raise their inclusion on his statements before he eventually complained about the PPI.

I accept that Mr A has provided his honest recollections but I am mindful that memories can fade over time. I am not persuaded that his testimony is strong enough for me to safely conclude that the PPI was added without his consent. In light of the evidence it seems more likely to me that he chose to take out the PPI, aware that he did not have to and has since forgotten (not surprisingly) some of the detail about his application.

did RBS provide advice or a recommendation?

Looking at the testimony and other evidence available I am persuaded that RBS did not provide advice or a recommendation to Mr A about the PPI. Therefore it did not have to take steps to ensure that the policy was suitable for him.

was clear, fair and not misleading information provided so that an informed choice could be made?

As RBS did not provide advice to Mr A it was for him to decide whether or not he wanted to buy the policy based on the information provided by RBS and his circumstances at the time. Like all insurance policies the PPI does not cover every eventuality and the policy contained a number of limitations and exclusions mostly about employment status and health. This information together with details of the costs and benefits should have been drawn to Mr A's attention before he made the decision about whether or not he wanted the PPI.

There was virtually no information about the PPI on the application form. I note that in the PPI section it refers the applicant to "*see details enclosed*" but I cannot be sure about what was sent to Mr A with the mailshot so I am open to the possibility there were failings on the part of RBS in meeting Mr A's information needs. But I am not persuaded that he would have decided against taking out the PPI even if he had been provided with clear information about it. There is nothing about his circumstances which suggest to me that any of the information about the PPI that he might not have known would have dissuaded him from taking it out. I say this because:

- The main benefit of the policy was payment of 10% of the outstanding credit card statement balance for up to 12 months in the event that he was unable to work through accident, sickness or unemployment. The cost was 77p per £100 of outstanding credit card balance. This was a relatively competitive policy in the market place at that time.

- Mr A was eligible for the policy at the time of the sale. I understand that he was in employment and in good health. It does not appear that he was affected by any of the health or employment status limitations or exclusions that the policy contained.
- I understand that Mr A was not entitled to any sick pay from his employer. He also says he had no alternative means such as savings or other policies. The PPI would have covered him if he was unable to work through sickness, accident and unemployment and for up to 12 months. It also provided clearance of the outstanding balance on death. Mr A was taking out a new liability in the form of a credit card and the benefit provided to him was such that I am not persuaded that someone in his circumstances would not have found some value in the cover provided. In the event, it was for Mr A to decide whether or not to take it.

Taking all this into account, and given that I am satisfied Mr A wanted to protect his repayments (because I have found it is likely he chose to take out the policy knowing he did not have to), I am not persuaded Mr A would have decided against taking out the policy if he had received better information about it.

my final decision

For the reasons set out above, my final decision is that I do not uphold Mr A's complaint against The Royal Bank of Scotland Plc.

Liz Forbes
ombudsman