

complaint

This complaint is about a regular (monthly) premium payment protection insurance (PPI) policy taken out in 2007 in conjunction with a credit card. Mrs F says that Northern Bank Limited (now trading as Danske Bank) (referred to in this decision as Northern Bank) mis-sold the policy because she was not made aware PPI was optional, believing it was compulsory in order to obtain the credit card; she was not made aware of the full costs of the policy; and as she was self employed this made the policy unsuitable.

background

Mrs F applied for a Northern Bank credit card in 2007. She had a meeting in her local branch and completed the application for the credit card and also PPI. There is no dispute that Northern Bank advised on this sale and recommended the PPI policy as suitable for Mrs F.

Mrs F authorised a Claims Management Company (CMC) to act on her behalf in this complaint and they raised this complaint with Northern Bank by letter in early 2012. Northern Bank refused to uphold the complaint and the CMC, on behalf of Mrs F, brought the complaint to the Financial Ombudsman Service.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Our general approach to considering complaints about PPI is set out on our website in the PPI Technical Resource. In deciding what is fair and reasonable in the individual circumstances of this case I have considered the issues in accordance with this general approach. I have taken into account the law and good industry practice and any relevant regulatory rules and guidance applicable at the time the policy was sold.

The key issues I need to consider in this complaint are:

- whether Northern Bank gave Mrs F information that was clear, fair, not misleading and sufficient to put her in a position to make an informed choice about whether to purchase the PPI Policy; and
- whether in giving any advice or recommendation, Northern Bank took adequate steps to ensure that the PPI policy was suitable for Mrs F's needs.
- If there were any shortcomings in the way the policy was sold I then need to decide if Mrs F is worse off as a result. That is, would Mrs F be in a different position now if there had not been any shortcomings?

optional nature of the policy

The documents completed by Mrs F at the time of her application for both the credit card and the PPI have been provided by Northern Bank. All the documents have been signed by Mrs F. The credit card application form has separate boxes to request a Visa Card and to apply for PPI, both boxes having equal prominence. The box on this form relating to the PPI states *"I have separately applied for Payment Protection Insurance (PPI) for my Visa Standard. I understand Payment Protection Insurance is optional. I confirm that I have been advised that important information about the policy is included in the Payment Protection Policy summary which has been provided to me"*. This box has been selected and a

signature provided by Mrs F on the following page. In addition at the end of the credit card application form there are separate boxes, one to apply for the credit card and a second to select the PPI. Again the PPI box is selected and this box is signed by Mrs F.

I note from the application form that Northern Bank also recommended Card Protection Insurance (CPI) to Mrs F, however she chose not to take this out. The box on the credit card application form was not selected for CPI, whereas it was selected for PPI. This suggests that there was an option put forward to take out either type of insurance and Mrs F at the time chose the PPI but not the CPI. The credit card application form is therefore persuasive that PPI was presented as an option and that Mrs F was provided with, and made, choices in relation to this.

Mrs F also completed a totally separate application form for the PPI, as referred to on the credit card application. This document included information that was obtained to assess the needs of Mrs F for the policy and also confirms the recommendation made by Northern Bank in relation to the PPI and the CPI. Within this document Mrs F confirms she agrees with the recommendation for PPI, that she does not require the CPI and she confirms and signs the application for PPI. This documentation is again persuasive that PPI was presented as being optional.

As it is some years since the application documentation was completed, Mrs F's recollections may not be fully reliable. In view of the documentation provided, which was completed at the time of purchase, I find the written evidence to be very persuasive. Taking all these factors into account, and in the absence of any other evidence, I am persuaded it is more likely than not that Mrs F was aware at the time that the PPI was optional and she chose to take it out.

self employed issues affecting the policy

Mrs F has indicated that as she was self employed at the time she took out the policy, it should not have been sold to her as it was not suitable. This raises two issues, firstly if she was excluded from eligibility for the policy on the basis of her self employment; and secondly were there onerous terms and conditions relating to those who were self employed to restrict their claims on the policy.

It is clear and not disputed that Mrs F was self employed at the time of her application and that she had been for a number of years. The policy documentation states under eligibility: *"For the purpose of this insurance work means any paid work of at least 16 hours per week. This includes self-employed work"* It also goes on to say *"If you are self employed you are eligible for this insurance but you should read the policy carefully....."* So although Mrs F has expressed concern she may not have been eligible for the policy due to the nature of her work, this is not the case with this particular policy. She also fulfilled all other eligibility criteria.

Having considered in detail the terms and conditions of this policy they appear to be no more onerous for those who are self employed than those in an employed situation. Mrs F would have had to have ceased trading and provided proof of registration as unemployed. Having a Jobseeker's Agreement is exactly the same as for someone claiming who is employed. Mrs F was also entitled to the same benefits as someone who had been working in an employed capacity and the same 30 day initial exclusion period applied to both situations.

Taking into account all the above factors I am persuaded that Mrs F was eligible for the policy and her self employment did not affect her benefits under the policy nor make it more difficult for her to claim. On balance I am not persuaded Mrs F's self employed status had any impact on the suitability of this policy to meet her needs.

Having been persuaded that Mrs F was aware the PPI was optional, and that she met the eligibility criteria for PPI I need to consider whether Northern Bank reasonably recommended this policy based on their assessment of Mrs F's circumstances at the time of her application.

For the reasons outlined above I do not consider that in relation to her self employed status Mrs F was poorly advised. She would have been able to make a successful claim under the policy in the same way an employed policy holder could. So in relation to this I am persuaded there is no issue in relation to the policy being suitable.

costs information

There are no records available of how the costs or features of the policy were presented to Mrs F in the meeting. The Key Facts Document, provided at the time to Mrs F, had at the beginning a section headed "What it Costs". This clearly set out the cost as 77p per £100 of outstanding balance per month. The benefit of paying off 10% of the balance each month was also outlined in this document. The outstanding balance would also have been cleared in the unfortunate event of Mrs F's death.

I can see Mrs F might have found it hard to calculate the cost of the policy in real terms, based on future expenditure at the time of the sale. Also it might have not have been clear to Mrs F that the premium would attract interest along with the rest of her outstanding balance. However, the cost of the benefits provided by the policy was competitive with many similar policies. The actual monthly cost of the policy was clearly displayed each month on Mrs F's credit card statements for several years without her questioning it. It appears Mrs F cancelled the PPI at the end of 2011 shortly before complaining to Northern Bank.

I have considered the information relating to the costs for the PPI. The written documents are clear and the cost of the PPI appeared on the monthly credit card statements. On balance, as I have concluded Mrs F requested the cover, had she had any on-going concerns about the premiums she could have raised this with Northern Bank at any time.

So I am not persuaded she would have been put off taking out the policy if she had been informed more fully in relation to costs at the outset, nor based on the evidence that the cost of the policy was unaffordable or made the PPI unsuitable for her.

other factors

At the time of taking out the policy Mrs F did not appear to have any other existing payment protection insurance cover in the event she had been unable to work. She did not indicate she had any savings and the documents state she told Northern Bank she would need to rely on support from her family. This information is persuasive that the policy was appropriate and the recommendation was not unsuitable based on her needs.

None of the other exclusions or limitations of the policy made it unsuitable for Mrs F and overall I am on balance persuaded that if there were other shortcomings in the information provided there is nothing that would have influenced Mrs F's decision to agree take out the

policy had she been aware of them.

Overall I am persuaded that the policy was a suitable recommendation for Mrs F. If there were any shortcomings in the costs information provided to Mrs F, as already indicated, on balance I am not persuaded this affected her decision to take out the policy as she could have cancelled it at any time when aware of the actual cost from her statements.

In summary, taking into account all of the above factors, I have no persuasive evidence that the policy was mis-sold and so I do not uphold this complaint

I appreciate that this decision will come as a disappointment to Mrs F.

my final decision

For the reasons given above, I do not uphold this complaint. I make no award against Northern Bank Limited (now trading as Danske Bank).

Christine Fraser
ombudsman