

complaint

Miss A's complaint is that a regular premium payment protection insurance ('PPI') policy was mis-sold by Lloyds Bank PLC ("Lloyds") when she took out a credit card.

background

Miss A applied for a credit card in a branch of the bank in approximately 1997, and PPI was bought at the same time. This policy was sold by TSB Bank plc, but Lloyds has since accepted responsibility for the complaint, and irrespective of the entity involved, for the sake of clarity, I will refer to 'the business'. This policy covered Miss A against accident, sickness and illness.

The business say that Miss A claimed on the policy, Miss A says that she can't remember whether she did, but says she was made redundant in 1998, and also suffered from a medical complaint in the same year that led to her being unable to work for approximately six months.

Our adjudicator did not uphold the complaint, and Miss A disagreed with the adjudicator's decision on the basis that she didn't realise that the policy was optional. The complaint has been now been passed to me for a decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

I've decided not to uphold Miss A's complaint, and set out my reasons below:

was Miss A pressured into taking out the PPI, or did she have a choice?

This is quite difficult to answer because there is so little evidence available from the time of sale. This is not surprising as the sale took place some time ago. Because of this, I need to decide what is most likely to have happened.

Miss A has said that she felt pressured into taking out this policy. However, she has also said that she didn't know that she had '*PPI on the card*', and I don't think that both can be true.

I accept that Miss A has provided her honest recollection, but the sale took place some time ago, and it would not be surprising if her recollections have faded over time.

Miss A's original complaint to us referred to a sale she believed took place in 2005. She also said that she can't remember when the policy was taken out, although both parties agree that the sale took place at a branch of the bank.

The business has provided documents that show that the credit card was taken out in approximately 1997, and say that PPI was taken out at the same time. It also says that Miss A claimed on the policy in 1998, and so I think that it is more likely than not that the policy was taken out in 1997.

Although I don't know what was said during her meeting with the business, both parties agree that it recommended the policy. I therefore think it is possible that the business said to Miss A that someone in her circumstances *should* take out the policy. However this is different from telling Miss A that she *must* take it out.

From the information available, I cannot safely say that Miss A was pressured into taking out this policy.

As I've already said, Miss A said she did not know she had bought PPI. As both parties agree that this was an advised sale, I believe that it is more likely than not that there was a discussion about the policy.

Neither party has been able to provide any documents from the meeting, and as this was all a long time ago, I cannot safely say that the business did not make it clear that the policy was optional, or that Miss A didn't agree to it. Miss A's claim on the policy in 1998, also indicates to me that she was aware that she had bought the policy.

did the business make a suitable recommendation when they advised Miss A to take PPI?

As I've said above, it's agreed that the policy was recommended to Miss A. I've taken this into account as it puts a higher burden on the business to take steps to ensure the policy was suitable, given her particular circumstances.

From the evidence provided I think the policy was suitable for Miss A, as:

- she was not affected by any of the significant exclusions or limitations of the policy.
- I don't think that the cost of the policy was unaffordable for her.
- Miss A could cancel the policy at any time if she wanted to.
- Miss A initially said that she was entitled to three to six months' pay from her employer in the event of sickness. Later she said it was six to 12 months'. Even so, Miss A has said that she had no other ways to help with her credit card payments, such as savings or other policies. She has said that her family would have helped her, but people's circumstances change, and this help would not have been guaranteed. Because of this, I think she may have found it difficult to meet the repayments on her credit card fairly soon after being off sick. This shows some need for cover and the PPI would have paid out on top of any sick pay she had from employment, potentially for a longer period. The policy would also have provided her with cover in the event of unemployment.

For these reasons, I think that the policy might have been helpful to someone in her particular circumstances and so I do not think that the recommendation was unsuitable.

did the business meet Miss A's information needs?

From the evidence provided, I cannot be sure that the business gave Miss A enough information about the costs, benefits and the things that the policy did not cover.

However, given her circumstances when she bought the policy and that she appears to have had some need for the protection provided, I think she would have probably bought the policy even if she had been properly advised and informed by the business.

This means Miss A is not worse off so there's nothing the business needs to do to put things right.

my final decision

For the reasons given above, I am unable to uphold Miss A's complaint, and I make no award against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss A to accept or reject my decision before 6 January 2015.

Gary Brogan
ombudsman