

summary of complaint

Mr and Mrs N are unhappy with the advice they say they received from Lloyds TSB Bank Plc when Mr N attempted to make a claim under a payment protection insurance policy.

background to the complaint

Mr and Mrs N say that when they visited their local Lloyds branch to attempt to make a claim on the PPI policy, they were told that they could not make a claim because the PPI policy had been cancelled. As a result of the advice received, Mr N did not claim on the policy, resulting, they say, in the loan going into arrears.

The adjudicator did not uphold the complaint. In his opinion the information Mr and Mrs N say they were given was likely to have been correct at the time of the meeting.

Mr and Mrs N did not agree with the adjudicator's assessment. The matter has therefore been passed to me to determine.

my findings

I determine complaints in accordance with the powers granted to me by the Financial Services and Markets Act 2000. This Act requires me to make a decision that I consider fair and reasonable in all the circumstances of the case. I have borne in mind the terms of the insurance contract, the law and good insurance practice and have also considered all of the evidence and arguments from the outset, in order to decide what is fair and reasonable in the particular circumstances of this complaint.

After doing so, I have reached the same conclusion as the adjudicator and do not uphold the complaint. I explain why below.

Mr and Mrs N first submitted a complaint to this service in June 2006. This concerned the decision by the insurer (so not Lloyds) to stop paying Mr N's claim and recover money it had paid under it. Our adjudicator concluded that this was broadly unfair and recommended that it pay the claim to a given point. This was explained to Mr and Mrs N's solicitor by letter in August 2006.

The solicitor raised a query with the adjudicator at the time who clarified by email on 21 August 2006 that the policy would continue to run despite the claim ending prematurely.

I understand that the conversation that apparently took place between Mr and Mrs N and Lloyds – where it told them the policy was cancelled - occurred in May 2006. Mr and Mrs N were raising, they say, the possibility of making a new claim. Unfortunately Lloyds has no record of this conversation. However, Mr and Mrs N are adamant that they were told that they could not claim because the policy was cancelled.

I do not know if such a conversation took place but I have no reason to doubt Mr and Mrs N. But in any event, even if I were to assume that Mr and Mrs N were advised as they say they were, this would not lead me to find that Lloyds were responsible for the consequences of that advice – such as the detrimental effect of the non-payment of a claim on their accounts. This is because the evidence suggests that in May 2006 Lloyds would likely have believed that the policy had been cancelled. After all, this is the action the insurer was taking. So I cannot conclude that if Lloyds did tell Mr and Mrs N that the policy was cancelled, it did so

in bad faith. It would only have been relaying what the insurer was doing. Ultimately it was a matter between Mr and Mrs N and the insurer.

We know that in May 2006 Mr and Mrs N were in dispute with the insurer because of the actions it was taking in relation to Mr N's claim – one of which was, in effect, to cancel the policy. So it is quite possible that Lloyds had been told of this decision and relayed it to Mr and Mrs N. And if it did, we know from the email from the adjudicator sent to Mr and Mrs N's solicitor in August 2006 that they should have been aware that the policy was still in force shortly after. This would have allowed them to pursue the claim(s) with the insurer if they felt it was necessary.

I note that Mr and Mrs N have also pursued a complaint with our service about a later cancellation of the policy, allegedly by Mr N (which he disputes). This was not resolved by the adjudicator in Mr and Mrs N's favour. However, if they would like to pursue the retrospective claims further – at least up until the point the policy was cancelled in April 2007 - it should contact the insurer direct.

my final decision

My final decision is that I do not uphold this complaint and make no award against Lloyds.

Michael McMahon
ombudsman