

complaint

Mrs D complains about a monthly payment protection insurance policy ("PPI") added to her credit card account in August 2000. Mrs D held her credit card with National Westminster Bank Plc ("NatWest") for a number of years before the policy was added to her card. She complains on the basis she was mis-sold the PPI.

background

NatWest investigated Mrs D's complaint and did not agree that the PPI was mis-sold to her. An adjudicator in her case also decided to not uphold her complaint. Mrs D has now asked for an ombudsman to provide a final decision in relation to this matter. It falls to me therefore to determine this complaint.

my findings

I have considered all of the available evidence and arguments in order to decide what is fair and reasonable in the circumstances. I have also taken into account the law and good industry practice at the time the policy was sold.

The questions I need to consider in this case are:

- whether NatWest gave Mrs D information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying;
- whether, in giving any advice or recommendation, NatWest took adequate steps to ensure that the product it recommended was suitable for her needs.

If there were shortcomings in the way in which NatWest sold the policy, I then need to consider whether Mrs D is worse off as a result; that is, would she have done something different – ie not taken out the policy – if there had been no shortcomings.

After careful consideration I have decided to not uphold Mrs D's complaint. I explain my reasons below.

basis of sale?

NatWest has told me that Mrs D's credit card facility commenced in November 1985 and that the PPI policy was added in August 2000. Mrs D does not recall how this PPI was sold and maintains that it was added without her consent (I deal with this below). However, I am told that this would have been a telephone sale on a non-advised basis. I am persuaded that this was a non-advised sale as I have seen screen shots illustrating when Mrs D took out the credit card and the subsequent addition of PPI. NatWest say that this addition could only come about via the telephone as stand-alone PPI was not sold in branch or via the internet. As a non-advised sale NatWest had to ensure that they gave Mrs D clear and fair information about the PPI.

did Mrs D have a clear choice about the PPI?

Mrs D maintains that she wasn't aware of the PPI and that it must have been added without her consent. I'm afraid I do not agree with Mrs D. Mrs D had use of the credit card for almost

15 years before the PPI was added to her card. She would understand therefore that the PPI was not required for the use and running of the credit facility. I have seen screen-shots which show the addition of the PPI and subsequent bank statements dating back to 2001 which also show the PPI added as a separate entry. Given that Mrs D had use of the card for a substantial period of time; that I have seen the addition of the PPI sometime later via screenshots and have been told this could only come about via a telephone sale, I am persuaded that Mrs D must have agreed to its addition via a telephone call in 2000. In response Mrs D then tells me that she must have been “badgered” on this call to take it out. However, I am aware that she tells me originally that she cannot remember much about this sale. On a balance of probabilities I am satisfied that Mrs D was aware of the PPI. I say this because the PPI was showing on her statements for a number of years and I would reasonably expect a consumer to see and question what the entry was for, if they did not have knowledge of the product. Furthermore, as the card was running without PPI I am satisfied that it was added via a telephone call to which she must have agreed to. I can't say how this was sold to her given the passage of time, and I simply do not have the weight of evidence to safely say that Mrs D was “badgered”. However, I am convinced that Mrs D must have known about the PPI having had her card without it and that it was sold via the telephone to which she agreed to its addition. I cannot say therefore that NatWest sold this policy as not optional.

did Mrs D have enough information to make a properly informed choice?

I'm not satisfied in this case that NatWest drew Mrs D's attention to all the significant features of the policy. I say this because I have not been provided with a call recording or a call script from this sale. But it doesn't automatically follow from this that I should uphold Mrs D's complaint. I need to be satisfied that she has lost out as a result – in other words, that she would have acted differently (and decided not to take out the policy) if NatWest had clearly explained all of the policy's significant features.

Having very limited evidence for this sale I cannot say with certainty what was disclosed about the PPI to Mrs D. This makes it very difficult to establish whether the policy's costs and benefits were adequately explained. However even if the information was disclosed I am not persuaded that it would have revealed any information which would have put Mrs D off her purchase. I say this because:

- Mrs D was eligible for the policy and unlikely to have been affected by the policy's main exclusions and limitations; in other words, she was most likely to be able to claim on the policy if the need arose. I say this because she tells me she was in good health and was in an employed full-time role. Exclusions therefore such as those relating to pre-existing medical conditions or those impacting upon those who were self-employed would have been of no relevance to her;
- Mrs D has confirmed that she was entitled to six month's full sick pay if she was unable to work due to accident, sickness or unemployment. The PPI provided 12 month's protection and was therefore of use to her as it provided protection above and beyond her six month's sick pay. After her sick pay expired Mrs D may well have struggled to meet her monthly credit card obligations. The PPI in this sense would have provided Mrs D some breathing space whilst she was managing a return to work. She has also stated that she would have relied upon family support if she was unable to meet her repayments. However, this income would not have been guaranteed and is entirely dependent upon her family's circumstances at the time. The PPI here would still provide

a guaranteed repayment and would still be of benefit to her. I have considered Mrs D's limited savings too however, the PPI would have allowed Mrs D to keep her savings intact;

- NatWest cannot confirm the cost of the policy but from knowledge and experience of similar policies sold at the time I have decided this case on the basis that it would not have cost more than 79 pence per £100 of outstanding balance on the credit card account. This would have provided Mrs D a monthly benefit of 10% of the outstanding monthly balance, payable for up to 12 months per claim. As such, the cost of the policy in relation to the actual monthly benefit payable was competitive with many alternatives available elsewhere, and would not, in my view, of itself, have made the policy unattractive to Mrs D. I have also not seen any substantive evidence to suggest that this was in any way unaffordable for Mrs D.

So in my judgement I cannot safely say that Mrs D would have done anything different if the information had been disclosed in a clear and fair manner. Essentially, I think Mrs D wanted the cover and given that this policy provided broadly what I think she expected, I'm not persuaded she would have made a different decision (and decided against taking it out) if any of the features had been better explained. Despite there being information failings in this case, I cannot safely say that if the information was disclosed fairly she would have decided against the PPI. Mrs D has therefore suffered no detriment as a result of this sale.

I do not uphold Mrs D's complaint.

my final decision

I do not uphold Mrs D's complaint and I make no award against National Westminster Bank Plc.

Daniel Lucas
ombudsman