

complaint

Mr R complains that he was mis-sold a regular premium payment protection insurance (“PPI”) policy by Lloyds TSB Bank Plc (“Lloyds”), which was taken out in connection with a credit card.

background

The adjudicator, who considered this case, issued an opinion not to uphold Mr R’s complaint. Mr R does not agree with this opinion and has put forward further points in reply. The case has now been referred to me to decide.

my findings

I have carefully considered all of the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances. In doing so, I have taken into account any relevant regulatory rules, the law and good industry practice at the time the policy was sold.

The relevant considerations in this case are materially the same as those set out in our well-established general approach to complaints about the sale of PPI, which is published on our website. The key questions I need to consider are whether:

- Lloyds, in giving any advice, took adequate steps to ensure that the product it recommended was suitable for Mr R’s needs; and
- Lloyds gave Mr R 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.

However, before addressing these two questions, I have considered whether Mr R was aware that PPI had been added to his credit card account. Mr R tells us that he cannot recall agreeing to take out PPI and it was added without his consent.

Did Mr R consent to PPI being added to his account?

I have considered the credit card application form signed by Mr R and can see that there is a section relating to “payments insurance”. In this section, there are two statements; the first stating that if Mr R does want PPI to tick the accompanying tick box and the other stating that if he does not, to tick that accompanying tick box. Each statement is typed in the same sized font and the box has been ticked next to the statement that he does want PPI.

It is entirely possible that Lloyds’ representative completed this form on behalf of Mr R and may have ticked the box without bringing this to Mr R’s attention, before her signed the application. It is also possible that the box may have been ticked after Mr R had signed the application.

However, on the balance of probabilities, it is just as likely in my view that Mr R did know and consent to PPI being added and due to the passage of time, he can no longer recall that he did. This is not meant as a criticism of Mr R in any way and I have no reason to doubt that he has given us his honest recollection of events from the time. But I am conscious that memories tend to fade over time and the PPI policy was sold to him in 1994.

Therefore I'm not persuaded that PPI was added to Mr R's account without his knowledge.

When making this finding, I have taken into account that Mr R tells us that he took a significant period of time off work during the lifetime of the policy due to bone fracture but did not make a claim under the policy. He says that if he had known he had PPI, he would have done so. Although a relevant consideration, I am not persuaded that this proves that he was unaware that the policy had been added to his account. It is equally as likely that he may have forgotten that he had this benefit and therefore failed to make a claim. However, if Mr R wishes to now pursue a retrospective claim he should contact the insurer in the first instance.

I have also taken into account that Mr R says that an "N" appears next to the statements relating to whether he wished to take out PPI; the implication being that "N" stands for "no".

He says that this shows that he chose not to take out PPI. However, I am not persuaded that the "N" does signify this. If Mr R had not wanted PPI being added to his account, I think that he would have ticked the box next to that particular statement rather than handwriting the letter N next to both statements.

was the policy recommended to Mr R and if so, was it a suitable recommendation?

Lloyds tells us that it did not advise Mr R to take out the policy, whereas Mr R says that he cannot recall. I do not know for sure what was said to Mr R about PPI (if anything at all) and the documents I have seen are not determinative as to whether a recommendation was made or not. As such, I make no finding on this issue.

However, even if Lloyds did advise Mr R to take out the policy, I am not satisfied that it was unsuitable for him at the time it was taken out.

I say this because:

- He was eligible for the PPI cover and although the policy included conditions limiting the cover for some people (the most significant affecting those with pre-existing medical conditions) these restrictions did not apply to Mr R. Therefore, he could have benefited from the full extent of the policy, if necessary.
- I have not seen any information to make me think that the policy was unaffordable for Mr R.
- although Lloyds has been unable to confirm the cost of the monthly PPI premium, I agree with the adjudicator that given our experience of similar Lloyds policy at the time, the cost of the PPI premium is unlikely to have been more than £0.79 per £100 of the outstanding monthly credit card balance. I am therefore satisfied that the cost of the policy would not have made the policy unsuitable for Mr R.

I am also satisfied that the policy could have provided a potentially valuable benefit to Mr R. In the event of a successful claim being made under the policy, the policy would have paid 10% of the outstanding balance (for a maximum of 12 months), if Mr R was off work through sickness or accident or if he became unemployed in certain circumstances (such as redundancy). This would have covered more than his monthly minimum repayments.

Mr R tells us that he had the contractual benefit of six months full pay, followed by six months half pay with his employer at the time. I also note that Mr R tells us that was in long term and seemingly secure employment at the date of taking out the policy. Therefore, if he were made redundant, he is likely to have received a sizeable redundancy payment. However, I am not persuaded that these factors made the policy unsuitable. Because, in the event of a successful claim, the policy would have paid out *in addition to* any contractual sick pay or redundancy payment he received. Mr R could have any such payments for purposes other than meeting his credit card payments.

did Mr R have enough information to make a properly informed choice?

I have also considered whether Mr R was given information that was clear, fair and not misleading to enable him to make an informed choice about whether to take out the PPI policy. Mr R says that he was unaware of certain policy terms and that he did not receive any documents relating to the PPI policy.

Because I do not know whether Mr R was given any information orally, I am unable to say whether Mr R's information needs were met. Further, although I have seen a copy of the PPI policy, I do not know whether Mr R did receive the policy and even if he did, whether he read it.

It is therefore possible that Mr R was not aware of all the significant terms of the policy. But even if this was the case, for Mr R's complaint to succeed, I would need to be satisfied that if he had been given clearer information, this would have impacted on his decision to take out the policy. I hope that Mr R appreciates that for the same reasons I have found that the policy was not unsuitable for him (above), I am not persuaded that had there not been any information failings (if indeed this was the case), he would have acted differently and not taken out the policy.

my final decision

For the reasons set out above, I do not uphold Mr R's complaint against Lloyds TSB Bank Plc.

David Johnson
ombudsman