

complaint

Mr C complains that Lloyds Bank plc (“Lloyds”) mis-sold him a payment protection insurance (PPI) policy.

background

In 1995, Mr C bought a regular premium PPI policy when he took out a credit card with Lloyds (trading as TSB). The policy protected Mr C’s card repayments if he couldn’t work because of an accident, sickness or unemployment.

Our adjudicator didn’t think Mr C’s complaint should be upheld. Mr C didn’t agree with the adjudicator, so the case has been passed to me.

my findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. We’ve set out our general approach to complaints about the sale of PPI on our website and I’ve taken this into account in deciding Mr C’s complaint. Having done so, I’m not upholding it.

Neither Mr C nor Lloyds have been able to say how the PPI was sold. And Lloyds doesn’t still have copies of any of the paperwork completed then either. Given the length of time since the sale took place, I don’t think this is that surprising. But this means I don’t know what happened during the sale. So I’ve had to decide what I think is most likely to have happened.

Lloyds has given us a sample of the kind of credit card application form it says was being used by TSB at the time of the sale. And from what we know about how TSB sold PPI at the time, I think it’s likely Mr C would have completed a form like this. The form has a section headed “*TSB Credit Cards Payment Insurance*”. And there’s a box to tick which had next to it: “*Tick here if you would like to be covered by TSB Credit Card Payments Insurance*”.

So I think it’s most likely that Mr C signed a credit card application like this, ticking the PPI box. And I think he would have realised when he did this that he had a choice about whether or not to buy PPI and decided to do so.

I’m not sure whether the PPI was recommended to Mr C by Lloyds. But I’ve taken this to be the case. This is because this means that Lloyds had to take reasonable steps to check that the policy was suitable for him. For the reasons already stated, I can’t be sure that it did do this. But from what I know of Mr C’s circumstances at the time, I can’t see any reason why it wouldn’t have been suitable:

- He seems to have been eligible for the policy and not affected by any of its main exclusions and limitations. For example, if he’d had a pre-existing medical condition.
- I’ve no reason to think its cost, of £0.79 per £100 of the outstanding balance on his credit card, was unaffordable for him. And for a successful claim, it would have paid 10% of this balance for up to 12 months.

- Mr C says he would have received sick pay from his employer if he wasn't able to work. But this policy would have paid out in addition to this and, potentially, for longer. So I still think he would have valued the added protection it gave him.

Lloyds also needed to give Mr C enough information about the policy, including its cost, for him to make an informed choice about buying it. I don't know if it did this. But even if it didn't, for much the same reasons as I think the policy was suitable, I don't think better information would have changed his mind about wanting to buy it.

my final decision

It follows from the above that I'm not upholding Mr C's complaint against Lloyds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 June 2016.

Simon Furse
ombudsman