

summary of complaint

This complaint concerns a monthly premium payment protection insurance (“PPI”) policy. The policy provided accident, sickness, unemployment and life cover in connection with a credit card taken out in 2002. Mrs F, who has third party representation, says that Lloyds TSB Bank Plc mis-sold the policy.

my findings

I have considered afresh everything that Mrs F, her representative, and Lloyds TSB have said and provided from the outset, 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.

It seems to me that the essential questions I need to consider are:

- firstly, whether Lloyds TSB gave Mrs F 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; and
- secondly, whether in giving any advice or recommendation, Lloyds TSB took adequate steps to ensure that the product it recommended was suitable for Mrs F’s needs.

In the event I am persuaded to find in her favour on one or the other of the above, I shall need also to consider whether Mrs F acted to her detriment as a consequence of any shortcomings on Lloyds TSB’s part.

Mrs F does not say whether she considers Lloyds TSB recommended the policy to Mrs F, but even if I were to proceed on the assumption that it did, and that there were shortcomings in the way the policy was sold, I do not believe that the outcome of the complaint would be affected.

I say this because having considered the information Lloyds TSB says would have been contained in the documentation provided at the time of applying, I am not persuaded that anything it contained should reasonably have caused Mrs F to conclude that the PPI was not optional, or that acceptance of her application was dependent on her taking out the cover. The section of the application that required Mrs F to tick to indicate she wanted PPI was entitled “Optional Benefits”, and specified that she must tick either to say “yes” or “no” to the cover.

I am, however, concerned that based on Lloyds TSB’s representations it appears that neither the initial documentation nor the more detailed policy information Lloyds TSB says was provided afterwards explained the ongoing cost and monthly benefit in sufficient detail and with sufficient clarity.

The cost of the policy at the point of sale was apparently 77p per £100 of the outstanding card balance as at the statement date, in exchange for a monthly benefit of 5% of that balance for up to 11 months per claim. The policy would also pay off the outstanding balance if a claim went to a twelfth month, or in the event of Mrs F’s death. My concern is that there is no reference to the fact that the policy premium would have to continue being paid during a claim – which, in effect, would reduce the monthly benefit amount, and is something Mrs F should have been made aware of.

Nevertheless, taking into account the policy benefits, the cost of cover, and the information Mrs F has given us about her broader circumstances at the time of the sale, I do not consider I could fairly conclude that Mrs F would have acted differently had she been properly advised and informed.

I say this because I have not seen anything in her submissions to indicate that she did not have a need for the policy. The information Mrs F has given about work benefits and savings suggests she might have found it difficult to cope for anything other than a short period if anything went wrong, and she was taking out a new debt facility and potential liability. The benefits the policy would pay out were in addition to her existing provisions. So, if the cost and level of cover provided by the policy was agreeable to her, I find it plausible that she would have taken it out.

my decision

For the reasons set out above I am not persuaded that Mrs F has suffered detriment as a result of any possible shortcomings on Lloyds TSB Bank Plc's part in selling this PPI policy.

It follows that I do not uphold Mrs F's complaint or make any award against Lloyds TSB Bank Plc.

Jeff Parrington
ombudsman