

complaint

Mrs N complains that she was mis-sold a monthly premium payment protection insurance (“PPI”) policy in connection with the credit card she took out in 1997. The credit card was sold by TSB Bank PLC which later became what is now Lloyds Bank PLC.

background

Our adjudicator did not consider the PPI policy had been mis-sold so he didn’t recommend that the complaint be upheld. Mrs N’s representative did not accept the adjudicator’s findings and said, in summary, that Mrs N was told she had to have the PPI policy in order to get the credit card.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. 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 relevant considerations in this case are materially the same as those set out on our website. And the main questions I need to consider are:

- If the bank gave any advice or recommendations, did it make sure the product it recommended was suitable for Mrs N’s needs?
- Did the bank give Mrs N the information she needed to decide whether to take out the policy?

If the bank did do something wrong when selling the policy, then I need to decide whether Mrs N would have done anything differently if it had done things properly.

It is not in dispute that this complaint involves a sale where the bank recommended that Mrs N take out the PPI policy. So the bank should have taken reasonable steps to recommend a policy that was suitable for her.

Mrs N says she was told she *had* to take out the PPI policy, otherwise her credit card application would have been declined. I accept there are circumstances where a consumer may believe they have little or no choice in taking out a PPI policy alongside a financial arrangement. I also accept there may be circumstances where a consumer may believe their chances of obtaining the credit may be improved by taking out the PPI policy. But I am not convinced that is what happened in this particular case.

The bank says Mrs N was not required to take out the PPI policy and her credit card application would have been considered in the same way whether or not she chose to take out PPI. I also see that although the application form says the PPI is *strongly* recommended I have seen nothing on the paperwork that says Mrs N *must* take it out.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

With this in mind, on balance, I am not persuaded Mrs N was forced to take out this PPI policy. I accept she may have been told she *should* have the policy but this is not the same as being told she *must* take it out.

Furthermore, although I accept there may have been shortcomings in how the policy was sold, given Mrs N's circumstances at the time, I am not persuaded it was unsuitable for her.

Nor do her circumstances suggest it was unlikely she would have been interested in taking out the policy.

I say this because Mrs N was eligible for the policy and does not appear to have been affected by any of the significant exclusions or limitations to the cover it provided – for example she was employed and in good health.

Mrs N also appears to have had a need for the cover. She tells us the benefits provided by her employer covered her for only three months – whereas this policy provided 12 months of cover. And she had no other insurance policies in place or savings which could be used to meet her credit card repayments in the event that she was unable to work.

The policy cost 72p per £100 of the statement balance, with the policy premium potentially attracting interest along with the rest of that balance. If a successful claim was made under the accident, sickness or unemployment part of the policy then 10% of the outstanding balance would be paid for up to 12 months, per claim. The policy would also pay off up to £5,000 of any outstanding balance if Mrs N died.

I can see Mrs N might have found all of this difficult to understand and it's not entirely clear how much of this information was made available when she agreed to take out the policy. It also seems likely she would have found it hard to calculate the cost of the policy in real terms, based on future expenditure. But the cost of the benefits provided by the policy was competitive with, and actually better than, many similar policies which were paid for in the same way. And the actual cost (with an explanation of any interest charges) appeared on Mrs N's statements for several years without her questioning it.

Overall it seems likely Mrs N agreed to take out the policy and, although I accept there may have been some shortcomings in how the policy was sold, I am not persuaded she would have decided against taking it out if she had been properly advised and fully understood the position.

my final decision

My final decision is that I do not uphold this complaint.

Ruth Lewis
ombudsman