

## **complaint**

This complaint is about a regular (monthly) premium payment protection insurance (PPI) policy taken out in connection with a credit card. Mr C says that Lloyds Bank Plc (Lloyds) mis-sold the policy.

## **background**

Mr C applied for and obtained a credit card from Lloyds in 1998 (this was at the time under the name of TSB). At the same time he took out a PPI policy. He says he was led to believe requesting the policy would assist his application for the credit card; it was not made clear it was optional; the policy's suitability for his needs was not assessed and he was not provided with full information in relation to the policy. Mr C therefore says the policy was mis-sold.

Lloyds does not agree the policy was mis-sold. It states it was clear the policy was optional and all necessary information was provided to Mr C.

Mr C, through a claims management company, brought the matter to the ombudsman following Lloyds' rejection of his complaint.

An adjudicator made a recommendation not to uphold the complaint. Mr C has now requested the matter be referred to an ombudsman for decision.

## **my findings**

I have provided only a brief summary of the complaint above but I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so, I have taken into account the law and good industry practice at the time the policy was sold.

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

- whether, in giving any advice, Lloyds took adequate steps to ensure that the product it recommended was suitable for Mr C's needs;
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- whether Lloyds gave Mr C 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; and
- if there were any shortcomings in the way the policy was sold I then need to decide if Mr C is worse off as a result. That is, would Mr C be in a different position now if there had not been any shortcomings?

Lloyds has agreed that the application was made at a meeting and it has provided the application form completed at the time. Because the sale took place in a meeting, there is no record of what was said, so I can only make my decision based on the evidence provided to me by the two parties. As such, I can only decide what is *most likely* to have happened in the circumstances.

After careful consideration of all the arguments put forward and having considered the documentation available, on balance I am persuaded that Mr C's complaint should not be upheld. I have reached that conclusion for the reasons outlined below.

*was it clear the policy was optional?*

Mr C says he took out the policy because he thought it would assist his application for the credit card and did not know it was optional. The application was made in a meeting at a branch of the bank. Whilst I do not doubt Mr C's testimony as an honest recollection, this was some years ago and memories do fade. I have to set this testimony in context with the documentary records which were completed at the time.

The application form that was completed at the meeting has been made available to me. I see from this there is a section on the form headed "*TSB Credit Card Payment Insurance*". A tick must be actively made in this section in order to select the cover. This section of the form is also close to other optional sections including a choice of payment dates and a choice of theft protection. I note from the form that a payment date was requested but the theft protection was not selected. The fact that Mr C selected some optional boxes and not others suggests to me that at the time he applied for the credit card and PPI policy he was aware there were choices and actively chose to take out the PPI policy.

I have seen nothing in the application form to suggest that taking out the PPI was linked to having the credit card application approved.

On balance I find the contemporaneous record of the application form more persuasive than personal recall which may not be totally accurate after so many years. So on the basis of the application form and how it was completed, I think it more likely than not that Mr C was aware the policy was optional and at the time he chose to take out the PPI policy.

*was the policy suitable?*

There seems to be no dispute that the application took place at a meeting and a recommendation was made. As Lloyds recommended the policy to Mr C I have considered whether it was a suitable recommendation for him.

Mr C was eligible for the cover and it would seem to have been affordable for him. Mr C would have received a proportion of his monthly pay from his employer if he were off sick but his income would have been much reduced.

So whilst he did have some limited employment benefits if unable to work, this PPI cover would have been paid in addition to that and enhanced any existing provision. Mr C has indicated he had some savings. However in the event of being unable to work he would presumably also have had to rely on this to some extent to subsidise his reduced salary. Although the policy included conditions limiting the cover for some people (for example, those with pre-existing medical conditions or the self-employed), it doesn't appear these restrictions applied to Mr C's circumstances, so he could have benefited from the full extent of the policy, if necessary.

I am on balance persuaded, taking into account Mr C's indicated circumstances that the policy appears to have been suitable for him at the time. However Lloyds still needed to provide Mr C with adequate information to enable him to make an informed choice whether or not to take out the policy.

*was adequate information provided?*

I cannot be satisfied in this case that Lloyds drew Mr C's attention to all the significant features of the policy. But it doesn't automatically follow from this that I should uphold Mr C's complaint. I need to be satisfied that Mr C has lost out as a result – in other words, that he would have acted differently and decided not to take out the policy, if Lloyds had clearly explained all of the policy's significant features.

I can see from the application form that the policy's cost was stated where Mr C was asked to tick the box to take out the policy. So whilst the cost should have been apparent to him, without some further explanation, possibly by examples of how the cost was applied each month, Mr C may not have fully understood the cost information. The benefit was not clearly set out on the application form and was tucked away in the full terms and conditions. But despite any shortcomings in providing the cost and benefit information, the policy's cost and benefit were still relatively competitive in the market at the time. So, given that I think Mr C chose to take out the cover, that he seemed able to afford it and that he probably did not expect the benefit to be a great deal more than it actually was, I'm not persuaded he would have been put off taking out the policy if the cost or benefit had been better explained.

Although it does not appear the policy's exclusions and limitations were drawn fully to Mr C's attention, I don't think this would have mattered to him. I say this because as indicated earlier his circumstances at the time lead me to think it unlikely he would have been caught by those terms.

Essentially, I think Mr C wanted the cover and made the choice to take it out. Given that this policy provided broadly what I think he could have expected, I am not persuaded he would have made a different decision and decided against taking it out if any of the features had been better explained.

### **my final decision**

For the reasons outlined above I do not uphold this complaint and make no award against Lloyds Bank Plc in this case.

Christine Fraser  
**ombudsman**