

complaint

Miss C has complained that the bank mis-sold her a credit card payment protection insurance (PPI) policy.

background

Miss C bought the PPI policy in 2007 by post – at the same time as taking out her credit card. The policy cost Miss C 79p for each £100 she owed on her credit card. If she'd successfully claimed on the policy, each month it would have paid out 5% of what she owed on the card for up to 12 months.

Our adjudicator thought the bank hadn't explained the costs and benefit of the policy clearly. But she thought Miss C would still have bought the policy if they had. So she didn't uphold the complaint.

my findings

I've considered everything that Miss C and the bank have told us to decide what is fair and reasonable in this complaint.

We've explained how we handle complaints about PPI on our website and I've used this approach in Miss C's case.

Having done that, I've decided not to uphold Miss C's complaint.

Miss C says she only took out the policy because she thought it was a condition of having the credit card. She applied for the credit card by filling out an application form and posting it to the bank. Miss C ticked a box to say she wanted PPI. And right next to this was a box that was just as noticeable that she could have ticked to say she didn't want it.

I think it was clear from this that the policy was optional and that Miss C made the choice to apply for PPI. As Miss C didn't speak to the bank, I don't think they gave her the impression she had to take out the policy.

The bank didn't make clear some of the reasons why a person might not be covered by the policy. But based on what I know of her circumstances at the time, I think it's unlikely that Miss C would have been affected by any of these reasons.

The bank didn't explain the cost and benefit of the policy properly. So I don't think Miss C would have fully understood what these were or realised she'd have to keep paying for the policy during a claim. And I don't think she'd have realised the premium would be added to her credit card balance and that she could be charged interest on it.

But Miss C has told us she worked for a utility company and had less than three months' sick pay at the time she took out the credit card and PPI. And she had no other way to help with her credit card payments if she lost her job or was off sick. So I think she'd have found it difficult to meet the minimum repayment on her credit card fairly soon after being off sick or losing her job.

Because of this, I think Miss C would still have bought the policy if she'd understood the cost and the benefit. This means Miss C isn't worse off as a result of what the bank did wrong, so they don't need to do anything to put things right.

decision

For the reasons I've explained above, I've decided not to uphold Miss C's complaint.