

The complaint

Mr C complains about a Payment Protection Policy (PPI) sold to him by Lloyds Bank Plc (“Lloyds”) trading at the time of sale as TSB) in 1994.

What happened

This complaint is about a PPI policy taken out in April 1994 on a credit card. Mr C says Lloyds mis-sold it to him.

Our adjudicator did not uphold Mr C’s complaint. As both parties are not in agreement still, Mr C’s complaint has been passed to me, an ombudsman, to make a decision.

What I’ve decided – and why

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 case.

I am not upholding Mr C’s complaint and I will explain why.

I first of all looked into whether or not Mr C was given a choice to have the PPI policy. Based on the evidence I’ve seen I think Lloyds made it clear that Mr C didn’t have to take out PPI and he chose to take out this cover – although due to the amount of years that have passed I can understand why he can’t remember this. I say this because I’ve seen a copy of Mr C’s credit card application form. This included a section for PPI. A box has been ticked and Mr C signed the form, agreeing for PPI to be added to his credit card. So, I think this reflected what he wanted at the time.

Mr C says the box could’ve been ticked after he signed the form. But based on what I know of how Lloyds carried out its sales at that time, the documentation I have seen, and without further evidence to support his view on this, I can’t safely conclude on this occasion that this was the case.

It’s not clear whether Lloyds gave a recommendation to Mr C to take the PPI policy. But as this would put more responsibilities on Lloyds, I will proceed that this is the case. It needed to ensure that the policy was a suitable recommendation for Mr C. Based on what I’ve seen of his circumstances at the time, I think that it was. For example, he wasn’t affected by any of the exclusions to or limits on the cover. I’ve also considered what Mr C has said about his sick pay at the time (17 weeks full and 17 weeks half sick pay_ but I think he would have found value in having the cover as it would have paid out for an extended period of time longer than his sick pay. So, I think the cover was suitable and I think it would’ve been useful for him had he needed to make a claim.

It’s possible the information Lloyds gave Mr C about PPI wasn’t as clear as it should’ve been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems

like it would have been useful for him if something went wrong. So, I don't think better information about PPI would have put him off taking out the cover.

This means Lloyds doesn't have to pay back all of the cost of the cover to Mr C. But Lloyds has paid back *some* of the cost of PPI to Mr C because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr C about that. Because Lloyds didn't tell Mr C, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

My final decision

PPI wasn't mis-sold – so Lloyds Bank PLC does not have to pay back all of the cost of the cover to Mr C.

But Lloyds Bank PLC does have to pay back to Mr C any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2020.

Mark Richardson
Ombudsman