

The complaint

Ms E says Lloyds Bank PLC (trading at the time as TSB) mis-sold her a payment protection insurance (PPI) policy. I'll refer to the business as Lloyds in this decision to keep things simple.

What happened

Ms E opened a TSB Trustcard credit card account in 1995. At the same time, she took out a PPI policy to protect her credit card repayments.

The policy would have helped with Ms E's monthly credit card payments for up to 12 months per successful claim for accident, sickness or unemployment.

Our adjudicator didn't think the complaint should be upheld. Ms E disagreed with the adjudicator's view, so the complaint's been passed to me.

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 Ms E's case.

Where the evidence is incomplete or inconclusive, I need to decide what I think's most likely to have happened, based on the information I have.

I've decided not to uphold Ms E's complaint. I'll explain why.

- Lloyds no longer has a copy of Ms E's application form or credit agreement for the card. I don't think that's surprising or unreasonable, given that she opened the account so long ago. It has, however, provided a sample of the type of application form that was in use when Ms E opened the account.
- The sample application form includes a section on PPI, with a brief description of the cover, and a box to tick if the applicant wished to take it. I think it's likely that the form that Ms E completed would have been in a similar format. I'm satisfied from the way PPI is presented that Ms E would have realised that the PPI was optional. And I think she decided to take it, knowing that she had a choice – although I can understand how she may no longer remember this, so long after the event.

- The sale took place a long time ago. Ms E can't remember whether Lloyds recommended the PPI to her. Lloyds no longer has a record of how the policy was sold. For the purposes of this decision, I'll assume that Ms E applied for the credit card and PPI face to face, at a meeting in a branch of the bank, and that Lloyds recommended the PPI to her. This is to Ms E's advantage, as it means that Lloyds had a responsibility to check that the cover was suitable for her. But it doesn't look as if it was unsuitable, based on what I've seen of Ms E's circumstances at the time.
- I acknowledge that Ms E's told us she'd have been entitled to sick pay at her employer's discretion. The PPI would have covered Ms E's monthly credit card payments for up to 12 months per successful claim for accident, sickness or unemployment. That's longer than it sounds as if Ms E could have been sure she'd receive sick pay for. What's more, the PPI would have paid out *in addition to* any payments Ms E received from her employer. So she could have used those to meet other expenses.
- Ms E says she'd have had savings at the time, although she's understandably not sure how much. But having the PPI would have meant she could have kept hold of her savings or used them to meet other day-to-day expenses if she was off sick or lost her job.
- I've borne in mind that Ms E's told us that she's always been paid in full when she's been off sick. She also says that when she's been made redundant, she's always found new work quickly, due to her experience and qualifications. But while I don't doubt that what Ms E says is true, I don't think she could have guaranteed that this would be the case. And having the PPI would have meant that she wouldn't have needed to worry about her monthly credit card repayments if she'd been off sick, or if she'd lost her job.
- I've also noted what Ms E has said about the fact that she was living with her mother at the time, with no financial pressures. She's mentioned that her family were very supportive and would have helped her financially if necessary. But circumstances can change, and I can't be sure that Ms E's family would have continued to be in a position to support her if the need had arisen. So taking everything into account, I think the PPI could have been useful for Ms E.
- It's possible the information Lloyds gave Ms E about the PPI wasn't as clear as it should have been. But I'm satisfied that Ms E chose to take out the policy. So it looks as if she wanted this type of cover, even if she's understandably forgotten that now, so many years later. And from what I've seen of her circumstances at the time, she wasn't affected by any of the main things the policy didn't cover- for example, unusual working arrangements, or existing medical conditions.
- The policy was competitively priced, and I've seen nothing to suggest that Ms E couldn't afford it. And as she was paying for it monthly, she could have cancelled it at any time if her circumstances changed, or if she decided she no longer wanted the cover.
- So taking everything into account, I think it's unlikely Ms E would have made a different decision if better information had been provided. On balance, I think she'd still have taken out the PPI.
- I'm sorry to disappoint Ms E. I realise that it's frustrating that I'm having to make my decision without sight of the paperwork she signed when she took out the PPI. But for the reasons I've set out, I don't find that the PPI was mis-sold.

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

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Ms E about that. Because Lloyds didn't tell Ms E, 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

The PPI policy wasn't mis-sold – so Lloyds Bank PLC doesn't have to pay back all of the cost of the PPI to Ms E.

But Lloyds Bank PLC does have to pay back to Ms E 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 Ms E to accept or reject my decision before 7 January 2021.

Juliet Collins

Ombudsman