

Complaint

Mrs M says Lloyds Bank PLC (“Lloyds”), trading as TSB at the time, mis-sold her payment protection insurance (“PPI”).

Background

Mrs M applied for a Mastercard and a Visa TSB Trustcard at the same time in October 1996. The accounts ran separately, and PPI applied to both. But there was only one point of sale, so I’ve considered the sale of the PPI on both cards as one complaint.

The PPI cost no more than 79p per £100 of Mrs M’s outstanding monthly statement balances. And in the event that she was too ill to work or made involuntarily redundant, the PPI would have paid off 10% of those balances for up to 12 months per claim.

Our adjudicator didn’t think the complaint should be upheld. Mrs M disagreed with the adjudicator’s opinion, so the complaint has been passed to me.

My findings

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 Mrs M’s case. Having done so, I’ve decided not to uphold Mrs M’s complaint and I’ll explain why.

Lloyds had to let Mrs M know the policy was optional and it had to get her consent before it added PPI to her accounts.

Mrs M originally said she didn’t know about the PPI, but following our adjudicator’s view, she said that she was forced to sign for it. Mrs M also gave some information about her father’s experience at the same branch, which she says supports that she would not have had a choice.

First, I’ve thought carefully about what Mrs M’s said about being forced to take PPI. But this is a subjective area – what one person perceives as pressure may be different to another. Mrs M hasn’t provided a detailed account of what made her feel forced to take PPI and I can’t know exactly what would have been said during the meeting. So, considering her original complaint was that she didn’t know she had PPI, without more information from Mrs M – I can’t say she was forced into taking it. I’ve also thought about what Mrs M’s said about her father’s understanding of the sales practices of the relevant branch at the time she was sold her PPI. But in the absence of any persuasive evidence to suggest these practices took place when Mrs M was sold her PPI, I can’t uphold the complaint on this point.

Lloyds says Mrs M selected PPI on her application form, and it's provided a copy for me to consider. Looking at Mrs M's application form, there is a section about PPI with a brief explanation of what it is and a statement that reads "I wish to apply for TSB Credit Card Payments Insurance". Next to this, there is a box to tick for PPI and this has been ticked, indicating that Mrs M wanted PPI.

Mrs M also had the option of selecting another product that provided card protection and I can see that she didn't select this product. So, I think Mrs M would have known she had a choice about taking out either product. And I think Mrs M would have understood the PPI was optional. So, I don't think she would have selected PPI if she didn't want it. Which means I think Mrs M was aware she had a choice about buying the PPI, and that she chose to take it at the time.

Mrs M could not remember whether she received any advice from Lloyds. But Lloyds has reviewed the sale as though advice was given. This puts more responsibility on Lloyds – it means it had to check the policy was suitable for Mrs M. So, in fairness to her, I've considered the case on the basis that advice was given.

Based on everything Mrs M's told us about her circumstances, I think the PPI was suitable for her. I say this because she was eligible for the PPI and she doesn't appear to have been affected by any of the things that might have made it harder for her to make a claim, such as having a pre-existing medical condition or unusual employment circumstances.

Mrs M says she was entitled to 12 months' full pay if she was off sick from work. She also says that she lived with her parents at the time and they would have helped her if necessary.

Mrs M hasn't been able to provide any evidence of her sick pay. So, I've thought about whether I think it's likely she would have had the level of sick pay she says she did, considering the industry she worked in, the job title she held and her length of employment.

It's very unusual for an employer, in the industry Mrs M worked in, to offer such generous sick pay to its employees. Particularly, considering Mrs M's job title and her length of employment – the application form shows that Mrs M had only worked for her employer for three months at the time of sale. So, in the absence of anything persuasive to support what Mrs M's told us, I don't think the likely sick pay she would have been entitled to would have meant the policy wasn't suitable for her.

The PPI would have paid out in addition to any sick pay Mrs M received and potentially for longer. Mrs M could also have made repeat claims subject to a requalification period. And while it's possible Mrs M's parents may have wanted to help, circumstances could change which means their help could not always be relied on. So, I think the PPI could have been useful to Mrs M if she fell on hard times.

I also haven't seen anything to show the policy was unaffordable for Mrs M.

Lloyds also needed to give Mrs M enough information about the PPI so she could decide whether it was right for her. And it's possible it didn't. But for the same reasons as I think the policy was suitable for Mrs M, I don't think better information would have made a difference to her decision to buy PPI and I don't think the PPI was mis-sold.

Finally, I've thought about the non-disclosure of commission and profit share on the PPI for both the Mastercard and the Visa.

Our adjudicator has already explained that Mrs M's Mastercard ended in 2005, so Lloyds doesn't need to refund any of the commission Mrs M paid for the PPI. But Mrs M's Visa account was still open, so Lloyds has paid back *some* of the cost of the PPI on the Visa to Mrs M because:

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

My final decision

I don't think Mrs M's PPI was mis-sold – so Lloyds Bank PLC does not have to pay back all of the cost of the PPI to Mrs M.

Lloyds Bank PLC does have to pay back to Mrs M any commission and profit share it got that was more than 50% of the PPI premium on the Visa account only. 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 Mrs M to accept or reject my decision before 16 March 2021.

Hanna Johnson
Ombudsman