

The complaint

Mrs C complains Lloyds Bank PLC (trading at the time as TSB) mis-sold her payment protection insurance (PPI).

What happened

Mrs C applied by post for a credit card with Lloyds in 1997 and PPI was added to her account at the same time. The PPI would have helped with Mrs C's card repayments for up to 12 months for each successful accident, sickness or unemployment claim she made.

Mrs C says she was unaware she had PPI. And she says her sick pay was good so she didn't need it.

The adjudicator who looked at Mrs C's complaint didn't uphold it. Mrs C disagrees and so her complaint has come to me to decide.

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 here.

Having done so, I've decided not to uphold Mrs C's complaint. I'll explain why.

Although Mrs C says Lloyds sold her the PPI in a meeting, I think she probably applied for her card by post. I say this because her credit card application form has her name and address pre-printed on it. And also Lloyds has told us its format is consistent with a postal application.

The copy of the application form I've got isn't very clear. But I can see there's a section on it about PPI and I can see there's a tick beside this section to say Mrs C wanted it. Since Mrs C would've filled in the application form herself, I think the tick to say she wanted PPI is likely to be hers. And if she hadn't wanted PPI, I think she could've left this section blank and it wouldn't have been added.

Mrs C says she wasn't aware she had PPI but the PPI premiums were clearly set out in her monthly card statements so, if she hadn't wanted it, I think she could've queried it and cancelled it. And I understand Mrs C did cancel the PPI in 2004.

Because this was a postal sale of PPI, I don't think Lloyds recommended it to Mrs C. This means it didn't need to make sure the cover was right for Mrs C in her particular circumstances – so the decision about whether or not to go ahead with it was one Mrs C needed to make herself. But Lloyds was under a duty to give her enough clear information about the policy for her to be able to make that decision in an informed way.

It's likely some of the information Lloyds gave Mrs C about the PPI wasn't as clear as it should've been. But, as I've said, I think Mrs C chose to take it out and so appears to have wanted this type of cover. She wasn't affected by any of the policy's main exclusions or limitations, so I don't think there was anything to stop her claiming the full policy benefit if she'd needed to. And, although Mrs C says she was the sole earner in her household at the time she applied for the card, I haven't seen anything to make me think the PPI was unaffordable.

Mrs C says she got good sick pay – six months' full pay then six month's half pay – and so didn't need the PPI. But the policy would've helped with Mrs C's card repayments for up to 12 months for each successful accident, sickness or unemployment claim she made. And it would've paid out on top of her sick pay. Mrs C says she didn't have any savings or other insurance policies she could've fallen back on if things got difficult. Taking all of this into account (as well as Mrs C saying she was the sole earner at the time), I think the PPI could've given her a useful benefit. I accept that, if she was unable to go to work, she wouldn't have had the same travel costs but I don't think this would've made a material difference to her position.

So all in all I think it's unlikely Mrs C would have made a different decision if Lloyds had given her clearer information about some aspects of the policy. On balance I think she would still have taken it out. That means I don't think the PPI was mis-sold and so Lloyds doesn't have to pay back all of the cost of the PPI to Mrs C.

But Lloyds has paid back *some* of the cost of the PPI to Mrs C because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) – so it should've told Mrs C about that. Because Lloyds didn't tell Mrs 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's 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 Mrs C.

But Lloyds Bank PLC does have to pay back to Mrs 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 Mrs C to accept or reject my decision before 13 January 2021.

Jane Gallacher
Ombudsman