

The complaint

Ms C complains that Lloyds Bank PLC (when it was trading as TSB) mis-sold her a payment protection insurance (“PPI”) policy.

What happened

This complaint is about a PPI policy which protected the monthly repayments on a credit card which Ms C took out in 1997.

Ms C recalled taking out PPI during a meeting - although Lloyds couldn’t confirm this, that may well be what happened. Neither Lloyds nor Ms C could be certain exactly when PPI was sold. But it’s not in dispute that she had PPI. So it must have been added to her account either when Ms C opened her credit card account or sometime after.

Ms C felt PPI was mis-sold to her mainly because she strongly believes she wasn’t given information about the insurance apart from being told it was mandatory.

Our adjudicator didn’t uphold the complaint. Because Ms C disagrees, her complaint comes to me for a final 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 this case.

I’ve decided not to uphold Ms C’s complaint. I’ll explain why.

The original paperwork from the sale is no longer available. It wouldn’t be reasonable to expect Ms C to remember all the details of a sale that took place so long ago. So I can’t know exactly what the bank might’ve said to Ms C when she applied for her credit card.

Lloyds has provided an example of a credit card application. But I don’t know if this is like the form Ms C would’ve filled in. Although Ms C thought she’d taken out PPI during a meeting no-one can say exactly when she got her credit card with PPI. So I’m not relying on this.

In order to uphold this complaint I’d have to find that it’s likely that Ms C wasn’t given a fair choice about PPI or that it was added to her account without her consent. But I can’t fairly say this based on the very limited information I’ve got. I must look at the available information and take into account the wider circumstances. I have to be impartial.

On balance, I think it’s more likely that Ms C was persuaded of the need to protect her credit card monthly repayments by taking out the PPI offered and she decided to buy the policy. So Lloyds added PPI to her account at her request.

In fairness to Ms C, Lloyds has looked at this complaint on the basis that it recommended she take out PPI.

If a financial business makes a recommendation about PPI, it has an extra obligation to take reasonable steps to make sure the cover it recommends is suitable as well as giving important policy information in a clear way.

It looks to me as if a PPI recommendation was suitable for Ms C based on what I've seen of her circumstances at the time.

Ms C couldn't recall how much sick pay her employer paid – and she doesn't appear to have had any other significant means she could've relied on to cover her credit card monthly repayments if she wasn't working. The policy would've paid more than her minimum credit card repayments for up to 12 months if she couldn't work as a result of accident, sickness or unemployment.

Given what Ms C told us about her circumstances, I can't fairly say she didn't need the policy or that PPI wasn't a suitable recommendation for her.

It's possible that some information Lloyds gave Ms C about the PPI wasn't as clear as it should've been. But it doesn't look like Ms C was likely to be affected by any of the policy exclusions or limitations. So, even if not everything was mentioned, I don't think that knowing more about things the policy didn't cover would've made any difference to Ms C's decision to take it out.

I don't know if Lloyds properly explained what the policy would cost, or what it might pay out if Ms C made a claim. But she chose to take out the policy when she didn't have to – so it appears that she wanted to have it. And it seems to have been affordable for her at the time.

Looked at overall, I don't think Ms C would've been put off buying the policy even if she'd been better informed as it gave her useful protection in her particular circumstances. On balance, I think she'd still have taken out the policy.

This means Lloyds doesn't have to pay back all of the cost of the PPI to Ms C.

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

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

I've taken into account what Ms C has told us about what happened when she tried to cancel the policy later on. But I am just dealing here with her mis-selling complaint, so this information doesn't change my decision. If Ms C wants to complain separately about her unsuccessful claim then in the first instance she will need to raise her concerns with Lloyds and/or the insurer. She can contact this service if she is uncertain about how to do this.

My final decision

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

But Lloyds Bank PLC does have to pay back to Ms 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 Ms C to accept or reject my decision before 17 March 2021.

Susan Webb
Ombudsman