Financial Ombudsman Service

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1997. Mr T says Lloyds Bank Plc, trading as "TSB", mis-sold him the PPI.

my findings

I've considered all the available evidence and arguments to decide what is 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 T's case.

I've decided the policy wasn't mis-sold because:

- Mr T says he was told he had to get the PPI to ensure he would get the card. I've seen Mr T's credit card application form. Although the form is largely illegible, I'm able to see there is a section called *TSB Credit Card Payments Insurance* and there is a tick in this section. But I can't say what this tick was for because I can't read any of the text in this section. Therefore I haven't seen any documents that clearly show PPI was presented as an option or shows that Mr T consented to take out the PPI. But I also haven't seen any other persuasive evidence to support what Mr T has said either.

  What I have seen are some of Mr T's credit card statements from 2000 onwards, which TSB say are the earliest available statements. These show PPI being charged on this account as a separate entry on the statements. And I think it's reasonable to think that it appeared on his earlier statements in a similar way as well. I think if Mr T was unaware of the PPI or didn't consent to having it, he would've questioned this with TSB much sooner, when he saw it on his statements. So, having considered everything, and without stronger evidence on the contrary, I think its likely TSB made Mr T aware that he had a choice about PPI and he chose to take it – although I can understand why he can't remember this.

- TSB don't have records to confirm whether this policy was advised or not. But Mr T said he was advised to take out this PPI, so I've assessed this as an advised sale. This means TSB had to check that the PPI was right for Mr T – and 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 PPI cover and he seems to have had a need for the cover.

- It's possible the information TSB gave Mr T about the 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. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.

- Which means TSB doesn't have to pay back all of the cost of the PPI to Mr T.

But TSB will pay back *some* of the cost of the PPI to Mr T because:

- When the policy was sold, TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr T about that. Because TSB didn't tell Mr T, that was unfair.

- To put that right, TSB has basically offered to pay back the amount of commission and profit share that was above 50% of the PPI premium - and I think that offer is fair in this case.

I've thought about everything Mr T has said – but for all the reasons mentioned above these points don't change my decision.

what the business needs to do

TSB has to pay back to Mr T any commission and profit share it got that was more than 50% of the PPI premium. TSB should also pay back to Mr T any extra interest he paid because of that.

TSB should re-work the credit card account and pay back to Mr T the difference between what he owes and what he would've owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. TSB should also pay Mr T 8%* simple interest if Mr T paid off his credit card at some point.

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 Mr T.

But Lloyds Bank Plc does have to pay back to Mr T any commission and profit share it got that was more than 50% of the PPI premium.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 26 March 2018.

Sienna Mahboobani
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*Businesses have to take basic rate tax off this interest. Mr T can claim back the tax if he doesn't pay tax.