

## **complaint**

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2000. Ms H says Lloyds Bank PLC, trading as Lloyds TSB ("Lloyds") mis-sold her 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 Ms H's case.

I've decided the policy wasn't mis-sold. I know this will disappoint Ms H, so I'll explain why.

Lloyds have given me a copy of Ms H's signed credit card application form. I can see that there's a section headed 'Optional features'. And in here a box to select 'yes' for PPI has been ticked – when there's also a box to tick 'no'.

Ms H's representatives say that as the sale took place in a branch, the advisor would've completed the form and Ms H just signed it without knowing she was taking out PPI. But Ms H had a duty to check what she was signing. And memories do fade with time.

So, on balance and based on the evidence I have, I think Lloyds most likely made it clear that Ms H didn't have to take out the PPI and that she chose to take it out.

Lloyds recommended the PPI to Ms H so it had to check that the PPI was right for her – and based on what I've seen of her circumstances around the time, I think that it most likely was. For example she wasn't likely affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.

It's possible the information Lloyds gave Ms H about the PPI wasn't as clear as it should've been. But it seems like it would have been useful for her if something went wrong. It also looks like it was affordable based on what we know about this type of policies. So I don't think better information about the PPI would have put her off taking out the cover.

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

But Lloyds will pay back *some* of the cost of the PPI to Ms H because:

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

## **what the business needs to do**

Lloyds has to pay back to Ms H any commission and profit share it got that was more than 50% of the PPI premium. Lloyds should also pay back to Ms H any extra interest she paid because of that.

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

\*Businesses have to take basic rate tax off this interest. Ms H can claim back the tax if she doesn't pay tax.

**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 H.

But Lloyds Bank PLC does have to pay back to Ms H 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 Ms H to accept or reject my decision before 25 July 2018.

Ketan Nagla  
**ombudsman**