

complaint

This complaint is about a credit card payment protection insurance (PPI) policy. Mr H 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 H's case. Having done so, I've decided the policy wasn't mis-sold. I've explained my reasons below.

Mr H thinks he took the PPI out in 2000 over the telephone. Lloyds doesn't know when it was taken out but says the credit card account opened in 1997 and assessed the complaint on the basis that the sale took place at the same time in a branch.

Mr H hasn't given us much detail about the sale. And Lloyds doesn't have copies of call recordings or any of the documents signed by Mr H at the time. It's not surprising because the sale was so many years ago. Where there is a dispute about what happened, I have to base my decision on what I think is most likely to have happened.

I considered the possible range of dates the policy was sold and from what I know of how Lloyds sold PPI around the time, I think it's more likely than not that Lloyds made it clear that Mr H didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this now. Even though Lloyds recommended the policy to Mr H, I still think he had a choice whether or not to accept that recommendation.

Lloyds recommended the PPI to Mr H so it had to check that the PPI was right for him – 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 Lloyds gave Mr H 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.

I've taken into account what Mr H has said about the PPI costing more than he could afford. But I have weighed up the relative costs of the policy and the benefits. Having done so, and as I have explained above, I think this policy could've been useful should Mr H have fallen on difficult times – when he might equally have struggled to meet the repayments. So overall, I don't think better information about the PPI would have put him off taking out the cover.

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

But Lloyds will pay back *some* of the cost of the PPI to Mr 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 Mr H about that. Because Lloyds didn't tell Mr 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 Mr H any commission and profit share it got that was more than 50% of the PPI premium. Lloyds should also pay back to Mr H any extra interest he paid because of that.

Lloyds should re-work the credit card account and pay back to Mr H 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. Lloyds should also pay Mr H 8%* simple interest if Mr H paid off his credit card at some point.

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

my final decision

The PPI policy wasn't mis-sold – so Lloyds Bank PLC trading as TSB does not have to pay back all of the cost of the PPI to Mr H.

But Lloyds Bank PLC trading as TSB does have to pay back to Mr 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 Mr H to accept or reject my decision before 27 April 2018.

Kathryn Milne
ombudsman