

complaint

Mrs B complains that Lloyds Bank PLC (when it was trading as Lloyds TSB) mis-sold her a payment protection insurance ("PPI") policy.

background

In 2002 Mrs B took out a loan along with a PPI policy to protect the loan monthly repayments. She borrowed extra and paid up front for the PPI all in one go. So the cost of the policy was added to the loan and interest charged.

Mrs B told us she was unhappy with the PPI as she never knew she had it and didn't need it. Mrs B said she was given no information about the policy.

Our adjudicator didn't think the complaint should be upheld. Mrs B disagrees so the complaint comes to me to decide how it should be settled.

my findings

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 Mrs B's complaint. I'll explain why.

I've seen a copy of Mrs B's signed credit agreement. Mrs B told us she'd taken the loan out during a meeting at a local branch. So I think the pre-printed cross in the 'YES' box in the section headed 'OPTIONAL LOAN PROTECTION' was probably included on the form printed off for Mrs B to sign after there'd been a discussion about PPI and she'd said she wanted it.

There's a clearly marked 'NO' box on the form she signed that could've been crossed instead if Mrs B hadn't wanted PPI.

In my view, the wording and layout of the agreement highlights the fact that PPI was a matter of choice. So, despite what Mrs B says, I think there'd have been an opportunity for her to talk about not including PPI if she didn't want to have it. Based on the information I've seen, I can't fairly say that the policy wasn't presented to Mrs B as optional or that she didn't choose to take it out.

Lloyds says it advised Mrs B to have PPI, but it doesn't look as if it was unsuitable for her based on what I know about Mrs B's circumstances at the time.

I've taken into account comments Mrs B made about her job and redundancy entitlement. The policy would've covered the loan monthly repayments for up to 12 months if Mrs B was unemployed. So she wouldn't have had to use redundancy money just to pay off her loan.

And the policy would've protected her if she was disabled or too sick to work as well. If she'd made a successful accident or sickness claim, the policy would've paid out on top of her work benefits for as long as she was off work until the loan was paid off. I think this could've

been very useful if Mrs B wasn't able to work as she might've had other expenses to meet as a result of being sick or disabled. The policy would've also paid out a lump sum in the event of accidental permanent total disability. So I think PPI could've provided valuable cover for Mrs B if she'd needed to claim.

It doesn't look as if there were any other significant policy terms or exclusions that would've affected Mrs B being able to make a claim. So even if she'd been given more information about the policy details, I don't think this would've made any difference to her decision to take out the cover.

It's unlikely that Lloyds explained when Mrs B bought the cover that she wouldn't get a proportionate refund on the PPI if she paid the loan off early. But there's no indication she was likely to do this when she took it out, so I don't think that would've affected her decision to buy the PPI.

I can see that Mrs B would've seen what the PPI premium would cost and what the total loan would be. I agree that it mightn't have been clear how much interest she'd pay. But I don't think this would've made a difference to Mrs B's decision to buy the policy. That's because the actual amount of interest charged on the policy was less than £30. But as she'd already agreed to pay around £241 to have PPI I don't think it's very likely that her decision would've been different if she'd been told the overall PPI cost including interest at the outset. So I'm not persuaded better information about the cost would've made any difference.

The policy seems to have been affordable. On balance, looked at overall, I don't find that Mrs B is worse off as a result of anything Lloyds did wrong when it sold her PPI with this loan. So it doesn't need to do anything to put things right.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 May 2017.

Susan Webb
ombudsman