

complaint

Mr W says Lloyds Bank PLC (then Lloyds TSB) mis-sold him a payment protection insurance (PPI) policy.

To keep things simple, I've used Lloyds Bank throughout.

background

Mr W bought the policy at the same time as taking out a loan in 2001. The loan included an amount to pay for the policy – which was £158.70 (including interest of £26.55).

Our adjudicator didn't uphold the complaint. Mr W disagreed with the adjudicator's opinion - so the complaint has been passed to me.

my findings

I've considered all of 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 Mr W's case.

I've decided not to uphold Mr W's complaint. I'll explain why.

Mr W says that he didn't know the PPI policy had been added to his loan.

I've seen a copy of the loan agreement Mr W signed. It set out the costs of the PPI separately to those of the loan – and described it as optional.

The loan agreement also had separate "Yes" and "No" boxes next to "*Optional Loan Protection*". The "Yes" box has an "X" in it. And while that means it was pre-printed before Mr W signed it, I think that's likely to have been the result of a conversation Mr W had with Lloyds Bank about PPI.

So I don't think there's enough to say the policy was added to Mr W's loan without him knowing about it. And having thought about everything everyone has said, I think it's more likely Lloyds Bank made Mr W aware the PPI was optional and that he chose to take it out.

Lloyds Bank recommended the PPI to Mr W, but based on what I've seen of his circumstances (limited sick pay and no savings), it doesn't look as if it was unsuitable for him at the time.

I think Lloyds Bank could've explained the cost of the policy better than it did as it doesn't look like it set out the interest payable on the premium or the total cost. But even if it had, I think Mr W would've still bought it given the amount involved and the fact that he could've got back quite a bit more than what he paid for it had he made a successful claim.

It looks like Mr W would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if Lloyds Bank thought about this when it recommended the policy to Mr W. But I've seen nothing to suggest he thought he would repay the loan early. So I don't think this made the policy unsuitable.

It's possible Lloyds Bank didn't point out the main things the policy didn't cover, including existing health conditions - which Mr W's representative mentioned in its response to our adjudicator's assessment. But given Mr W's circumstances at the *time of sale*, including the fact that he doesn't seem to have had an existing health condition, it's unlikely he would've been affected by any of these.

my final decision

For the reasons set out above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 1 April 2016.

Morgan Rees
ombudsman