

complaint

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

background

This complaint is about a PPI policy Mrs J took out in 1994 when she filled in an application which offered her the choice of taking out either one or two credit cards. Mrs J ticked to have two credit cards. Although Lloyds couldn't say how the PPI was sold, Mrs J says she made her application during a meeting in one of the bank's branches. So I think that's probably what happened and I've taken this into account when thinking about her complaint.

Our adjudicator didn't think the policy was mis-sold. Mrs J disagrees, so the complaint has been passed to me for a final decision.

Briefly summarising her concerns, it looks like Mrs J mainly says that she didn't want or need PPI but she'd been told it was compulsory. Mrs J disputes that PPI was something she would've voluntarily chosen to take out as she says she had other ways to pay her credit cards if she wasn't able to work.

Mrs J has also complained about PPI being mis-sold with another credit card. But I can see nothing that suggests she's right when she says that she took out PPI with that credit card. So in my decision I'm just concentrating on the PPI she was sold alongside the credit card application she made in July 1994.

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 J's complaint. I'll explain why.

I don't know what was said about the PPI. But I think Lloyds made Mrs J aware that the PPI was optional and she chose to take it. I say this because the application form Mrs J completed made it clear that it was up to Mrs J to say if she wanted PPI - and she's ticked to say she required it. There was also an option on the form to say that PPI wasn't required - and there's an 'N' marked here on the form Mrs J signed, confirming her wish to have the cover being offered.

Where Mrs J signed the form at the end it says: "*Sign it only if you want to be legally bound...*" So I think it's reasonable to expect that Mrs J would've looked carefully over the completed application before signing to make sure it reflected her wishes. And what she says about the way she was sold the PPI isn't enough on its own for me to be able to uphold her complaint.

On balance, I find that Mrs J would've known at the time that it was up to her to choose if she wanted to protect her repayments - and she signed the completed form confirming that she wanted to do this.

As Lloyds wasn't sure how it sold the PPI to Mrs J, in fairness to her it treated this as an advised sale – so, as if it had personally recommended PPI to her. I think that's the fairest way to look at this complaint as it imposes an extra obligation on Lloyds - giving Mrs J's complaint the best chance of success. So I've looked at it this way too. This means Lloyds not only should've given Mrs J important policy information in a clear way. It also should've taken reasonable steps to make sure the cover it recommended was suitable for her. And if Lloyds didn't do those things, I've thought about whether this makes any overall difference.

I've checked the policy document that was in use when Mrs J took out this PPI. It looks to me as if the policy was suitable for Mrs J based on what I've seen of her circumstances at the time.

Mrs J was eligible for the PPI.

She had some sick pay entitlement through work – she mentioned she'd have got at least 6 months sick pay from her employer. And Mrs J also told us that she and her husband had savings. She said the amount varied from time to time. But, using the information Mrs J has provided, it seems reasonable to say that although she told us she had less than 12 months worth of pay, she might've had savings worth at least 3 months of her pay.

The policy would've paid more than her minimum credit card repayments for up to 12 months per claim in the event of accident or sickness – on top of any work benefits. As Mrs J might've also had some additional costs if she was too unwell to go back to work, or disabled, I think this could've been a useful benefit at a difficult time.

And the policy would've also protected Mrs J's credit card repayments if she lost her job unexpectedly and was out of work.

Repeat claims were possible under the policy. And if Mrs J had claimed successfully for 12 months in a row, the policy would've cleared her card balance.

Although her husband was also working, relying on someone else to help out in the event of money problems isn't as dependable as taking out PPI as everyone's circumstances can change unexpectedly.

Overall, I think PPI was worthwhile for Mrs J. It gave her useful protection, taking into account what she's told us about her situation when she took out this PPI, and I find that the policy was suitable for her.

It's possible some of the information Lloyds gave Mrs J about the PPI wasn't as clear as it should've been. I don't know if Lloyds properly explained what the policy would cost, or what it might pay out if Mrs J made a claim. But Mrs J chose to take out the policy when she didn't have to – so she seems to have wanted this type of cover. The cost was shown on her monthly statements and Mrs J could've queried this or cancelled the policy at any time if her circumstances changed and she no longer wanted to pay for it.

The policy didn't cover some things. But it doesn't look as if that would've affected Mrs J. So, I don't think having more information about the policy exclusions and limitations would've made any difference to her decision to take out PPI.

Looked at overall, I think it's unlikely that having better information would've put Mrs J off taking out the policy. This means Lloyds doesn't have to pay back all of the cost of the PPI to Mrs J.

But Lloyds has paid back *some* of the cost of the PPI to Mrs J because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mrs J about that. Because Lloyds didn't tell Mrs J, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

In coming to my decision I've taken into account everything that Mrs J has said, including her comments in response to the adjudicator's view. I appreciate that she didn't need to rely on the policy the first time she was made redundant. And that she chose not to claim on the policy the second time this happened – and still managed to make her credit card monthly repayments until the balance was cleared. But this isn't a reason for me to uphold her complaint. The policy was intended to provide dependable cover in the event of unplanned and unforeseeable events. The fact that Mrs J never actually made a claim on the policy doesn't mean it was mis-sold.

I appreciate Mrs J feels strongly about this complaint. I understand that what I've said will come as a disappointment. In my decision I've dealt with all the main points raised that have an impact on the outcome of this complaint and I hope that setting out the reasons as I've done will help explain how I've reached my decision.

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 Mrs J.

But Lloyds Bank PLC does have to pay back to Mrs J any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs J to accept or reject my decision before 28 September 2019.

Susan Webb
ombudsman