

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1998. Mr F 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'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 F's case.

I've decided the policy wasn't mis-sold because:

- I think Lloyds made it clear that Mr F didn't have to take out the PPI and that he chose to take it out – although I can understand why he can't remember this.

Lloyds no longer has the credit card application which Mr F filled in, which is hardly surprising given the length of time that has passed. It has provided a sample credit card application form which it says was being used around that time. I think this is likely to be similar to the one Mr F completed. This form included a box to tick if you wanted to take out the PPI. Based on what we know about Lloyds' sales practices at the time, I think it's more likely Mr F ticked the box on the form to confirm he wanted to take the cover, knowing he could've left the box blank, if he didn't want the policy.

Mr F also told us he didn't know he had the PPI but I've seen some of his card statements and there is an amount showing called "payments insurance – premium". If Mr F didn't know what this charge was for he could've questioned this when he checked his statements at the time.

- Lloyds recommended the PPI to Mr F 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 F 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. So 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 F.

But Lloyds will pay back *some* of the cost of the PPI to Mr F 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 F about that. Because Lloyds didn't tell Mr F, 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.

I've thought about everything Mr F has said - including what he's said about the outcome of other PPI complaints he has made. But each case is considered on its own individual merits. So this point doesn't change my decision.

what the business needs to do

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

Lloyds should re-work the credit card account and pay back to Mr F the difference between what Mr F 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 F 8%* simple interest if Mr F paid off their credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr F 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 does not have to pay back all of the cost of the PPI to Mr F.

But Lloyds Bank PLC does have to pay back to Mr F 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'm required to ask Mr F to accept or reject my decision before 23 February 2018.

Jenny Giles
ombudsman