

## complaint

This complaint is about a credit card payment protection insurance (“PPI”) policy taken out in 2003. Mr H says Lloyds Bank PLC, trading as Lloyds TSB (“Lloyds”) 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’ll explain why.

Mr H told us he didn’t know he had PPI. But I think Lloyds made it clear that Mr H 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 has given us a copy of the credit card agreement Mr H completed. There’s a section called ‘*select your additional benefits*’ and an option to accept or decline the policy. A tick has been placed in the box to say PPI was wanted. Had Mr H not wanted PPI he could have ticked ‘no’ to refuse it. Mr H also signed the credit card agreement to say he consents to the information contained in it – so I think this reflected what he wanted at the time.

Lloyds no longer has a record of how the policy was sold to Mr H but it has assessed the complaint on the basis that it recommended the PPI to him. And as this places more responsibility on Lloyds for how it sold these types of policies I’ve also assessed the complaint as an advised sale. This meant Lloyds 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.

Mr H told us he thinks he would have received no sick pay from his employer if he was too unwell to work. He’s also said he had no savings he could have used to make the credit card payments. This policy could have provided a monthly benefit for up to 12 months in the event Mr H was unable to work due to accident, sickness or he lost his job. So I think he could have found the policy useful.

It’s possible the information Lloyds gave Mr H about the PPI wasn’t as clear as it should’ve been. Mr H doesn’t think that it was - in particular the information about the policy costs. 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.

This 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.

I've thought about everything Mr H and his representative have said, but for the reasons mentioned above, these points don't change my decision.

#### **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 Mr H 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 he 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 does not have to pay back all of the cost of the PPI to Mr H.

But Lloyds Bank PLC 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'm required to ask Mr H to accept or reject my decision before 22 July 2018.

Staci Rowland  
**ombudsman**