

## **complaint**

This complaint is about a credit card payment protection insurance ('PPI') policy taken out in 1995. Mr S says Lloyds Bank PLC ('Lloyds'), then trading as TSB, mis-sold him the PPI.

## **background**

Mr S took out a PPI policy in 1995, when he applied to Lloyds for a credit card. It's not entirely clear how this was done, but he thinks it was during a meeting.

Among other things, Mr S complains that he was led to believe he had to have the PPI in order to get the credit card and so wasn't given a fair choice. He also says that he didn't otherwise want or need it. So he feels it was mis-sold to him.

Our adjudicator didn't think the PPI had been mis-sold. But Mr S disagrees, so the complaint has come to me to decide.

## **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 S's case.

Having done that, I don't think the PPI policy was mis-sold. I'll explain why.

Not surprisingly after such a long time, the paperwork from the sale is no longer available. And I don't know what, if anything was discussed about PPI when Mr S applied for the credit card. But I've seen an example of the type of application form which Lloyds says was in use at that time and which it believes Mr S would've completed and signed, to apply for his card. I think it's likely he did that. The form invites an applicant to tick a box if they want PPI. In my view it's unlikely Lloyds would've added PPI to his account unless that box had been ticked.

So on balance I think Mr S probably decided to have PPI, knowing he had a choice – although I can understand why he may not remember this now, so many years later.

It's not clear whether Lloyds recommended the PPI to Mr S personally. Mr S says it did. And in order to be fair to him, because this put extra responsibility on Lloyds, I've looked at the complaint as if it did. That meant Lloyds had to check that the PPI was right for him. Based on what I've been told about his circumstances at the time, and about the policy he took out, I think it was. In particular, I think he was eligible for the policy and I don't think he was affected by any of the main exclusions to, or limits on, the PPI cover.

Lloyds also had to give Mr S good enough information about the cost and terms of the PPI. From what I've read and been told, it's possible that the information Mr S got wasn't as clear or full as it should've been. I'm aware, for example, that Mr S says he didn't realise how long he'd have to be unable to work for, before he could make a claim under the policy. But as I've said, I think he chose to take the PPI out - so it looks like he wanted this type of cover. And as I explain below, in my view the policy could've been useful for him. So I don't think getting better information about the PPI would've put him off taking it out.

Mr S feels he didn't need the PPI, as he says in 1995 he was entitled to at least six months' full sick pay from his job, followed by six months' half pay. But the PPI would've paid out on top of this and could've continued for up to 12 months at a time - longer than his full sick pay.

It would also have paid out if he'd lost his job, in addition to any redundancy payment he might've got. I've taken into account that Mr S had been in his job for many years and may've felt it was quite secure, but that couldn't be guaranteed. And although he's mentioned having some small savings, the PPI would've left those intact for the future, or available for his other needs at what would've likely been a difficult time.

So overall, based on what I know about his situation when he bought it, I think the PPI could've been helpful for Mr S despite his employee benefits. And as he was paying for it monthly, he could cancel it at any time without further cost if his situation changed or he no longer wanted it.

Mr S has also said he wasn't told he could take out PPI elsewhere instead, if he wanted to. But Lloyds didn't have to tell him that, as long as it made it clear he didn't have to have the PPI which it was offering – which as I've said, I think it probably did.

I've thought carefully about everything Mr S and his representatives have told us. He's put time and effort into his complaint and I realise he'll be disappointed at this outcome. But on balance, looking at all the information I've got, I don't think I can fairly and reasonably say that the PPI was mis-sold to him.

That means Lloyds doesn't have to pay back all of the cost of the PPI to Mr S. But Lloyds will pay back *some* of the cost of the PPI to Mr S 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've told Mr S about that. Because Lloyds didn't tell Mr S, 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's fair in this case.

### **what Lloyds needs to do**

If it hasn't already done so, Lloyds has to pay back to Mr S any commission and profit share it got that was more than 50% of the PPI premium. Lloyds should also pay back to Mr S any extra interest Mr S paid because of that.

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

\*Businesses have to take basic rate tax off this interest. Mr S 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 doesn't have to pay back all of the cost of the PPI to Mr S.

But it does have to pay back to Mr S any commission and profit share it got that was more than 50% of the PPI premium. Lloyds says it has already done this and, if so, it doesn't need to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 January 2020.

Chris Langford  
**ombudsman**