

## **complaint**

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

## **background**

In 2000, Mrs B took out a loan along with a PPI policy to protect the loan monthly repayments. She paid a single premium upfront for the PPI. So the cost of the policy was added to the loan and interest charged.

Mrs B told us she'd never have taken out PPI knowingly – she always declined this when offered as she wouldn't have needed it.

Our adjudicator didn't think the complaint should be upheld. Mrs B disagrees. So this complaint has been passed to me to decide how it should be settled.

## **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 the complaint. Here's why I say this.

There's limited information available – I can't be sure how the policy was presented during any discussions. And none of the paperwork that would've been completed at the time of the sale is available. But that's understandable given the length of time that's passed.

I've seen an example of the loan agreement that Mrs B would've completed at the time. Although I can understand why she's forgotten, Mrs B could've declined PPI if she didn't want it. There were 'yes' and 'no' boxes on the form where it said "Optional Loan Repayment Protection." So I think she'd have known it was up to her to choose if she wanted to have it.

The loan agreement she would've signed included some PPI information, set out alongside the loan details, so she would've seen what she was signing up to.

Based on the information I've seen, I can't fairly say that the policy wasn't presented as optional or that Mrs B didn't agree to take it, knowing she had a choice in the matter. I don't think it's likely it would've been on her account otherwise.

Lloyds says it advised Mrs B to have PPI, but it doesn't look as if it was unsuitable based on what I know about Mrs B's circumstances when she took out her loan.

Mrs B was entitled to 6 months full sick pay, followed by 6 months on half sick pay. The policy would've paid out on top of this and covered her loan monthly repayments for up to 12 months if she was unemployed. If she'd made a successful accident or sickness claim, the policy would've paid out for as long as Mrs B was off work – if necessary, until the loan was paid off.

I don't know if Mrs B would've always had savings she would've been able to rely on if she'd needed to make a claim.

I've taken into account that Mrs B also had some shares, but I don't know what these were worth at the time. And I think that having cover in place so she could've continued to make her monthly loan repayments without having to sell investments would've provided a useful extra benefit to Mrs B if she couldn't work. I don't feel that Mrs B's shares made the PPI recommendation unsuitable.

Mrs B also told us she had a policy attached to her mortgage. But it's likely that would've mainly covered her mortgage monthly repayments. And if it paid out any extra benefit as well this would've been for help towards paying mortgage related costs – like bills.

Mrs B didn't have the extra monthly cost of this borrowing at the time. So this loan would've been an additional expense on top of the monthly costs she had in mind when she set up her mortgage protection. I think it's likely that when she took out this extra borrowing Mrs B was persuaded of the benefits of insuring the loan monthly repayments as well in order to give her financial security if she found she was unable to work and facing money problems.

Overall, I can't reasonably say that Mrs B didn't need PPI - I can see why she'd have wanted it and I think this insurance could've been of value to her if she'd needed to make a claim.

It doesn't look as if there were any significant policy terms or exclusions that would've affected Mrs B being able to make a claim. So, even if she'd been given more information about the policy details, I don't think this would've made any difference to her decision to take out the cover.

It's unlikely that Lloyds explained when Mrs B bought the cover that she wouldn't get a proportionate refund on the PPI if she paid the loan off early. But there's no indication she was likely to do this when she took it out, so I don't think that would've affected her decision to buy the PPI at the time.

Lloyds could've done more to make clear to Mrs B the full cost of adding on PPI to the loan. I don't know if Mrs B understood how much interest she'd pay on the extra she borrowed to have PPI. But I don't believe the amount would've been enough to put her off taking out PPI anyway. Mrs B chose to take out the cover when she didn't have to – and I can understand why. I think the policy offered her useful benefits in her particular situation, the interest on the PPI part of the loan didn't add significantly to the overall cost and her monthly repayments seem to have been affordable.

On balance, I don't find that Mrs B is worse off as a result of anything Lloyds might've done wrong when it sold her PPI with this loan. So it doesn't need to do anything to put things right.

### **my final decision**

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 17 August 2017.

Susan Webb  
**ombudsman**