

## complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2000. Mr J 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 J's case.

I've decided the policy wasn't mis-sold. I know this will disappoint Mr J, so I'll explain why.

Lloyds have given me a copy of Mr J's signed credit card application. On it I can see there's a section headed 'Optional features'. And within it, I can see there's an option to tick 'yes' or 'no' for PPI – the 'yes' box has been ticked.

Mr J says the advisor completed the form and would have therefore ticked 'yes' for PPI. But given this was a branch sale, it's likely a conversation about the card and PPI took place. And, ultimately, Mr J had a responsibility to check what he was signing.

Mr J says we should accept his word that he wasn't told about PPI. But I have to make my decision on the evidence I have. And when it's not entirely clear what happened, decide what I think is most likely to have happened.

So, after weighing everything up, I think it's more likely Lloyds made it clear that Mr J didn't have to take out the PPI and he chose to take it out.

Lloyds recommended the PPI to Mr J 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 J 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. I've also noted that Mr J says he didn't receive any employer sick pay when PPI was sold to him in 2000.

In summary this means Lloyds doesn't have to pay back all of the cost of the PPI to Mr J.

But Lloyds will pay back *some* of the cost of the PPI to Mr J 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 J about that. Because Lloyds didn't tell Mr J, 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 J has said - including what he's said about being in a secure job at the time and being in excellent health. But circumstances can change – and that's normally when insurance policies like PPI can be useful. So these points don't change my decision.

#### **what the business needs to do**

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

Lloyds should re-work the credit card account and pay back to Mr J the difference between what he 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 J 8%\* simple interest (15% before April 1993) if he paid off his credit card at some point.

\*Businesses have to take basic rate tax off this interest. Mr J 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 J.

But Lloyds Bank PLC does have to pay back to Mr J 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 am required to ask Mr J to accept or reject my decision before 23 April 2018.

Ketan Nagla  
**ombudsman**