

complaint

Mr W complains about two payment protection insurance (“PPI”) policies that were added to two credit card accounts by Lloyds Bank Plc (“Lloyds” trading at the time as TSB).

background

Mr W successfully applied for two credit cards (a Visa and a Mastercard) with Lloyds in April 1994.

When looking at the very limited information (I have not been able to see any sales documentation or read a detailed recollection of how the PPI was sold), I can’t be sure of when or how PPI was sold. Lloyds has provided records that go back to January 2000 and the PPI is on the account at this stage. So I cannot be sure how or when the PPI was sold to Mr W but I do know it was sold at some point between April 1994 (when the two cards were sold to him) and January 2000.

The PPI that was sold to Mr W was designed to protect his monthly card repayments if he wasn’t working because of accident, sickness, unemployment or redundancy.

Mr W says Lloyds mis-sold the two policies. He says he was not aware he had the policies and no explanation was given to him about them. He says if he had been made aware of PPI he would have declined it.

An adjudicator looked into Mr W’s complaint and didn’t think it should be upheld. Mr W disagrees and so the complaint has been passed to me.

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 W’s case.

Having done that, I’ve decided not to uphold Mr W’s complaint for the following reasons:

- As I have already mentioned neither Mr W nor Lloyds can give me much information about the sale. This is not surprising given the amount of time that’s passed. I’ve looked at what Mr W has said about how the policies were sold – that they were added without his knowledge or consent. But it has been very difficult for me to understand how this would have happened with so little information available about this sale. And in the absence of relevant documentation, a more detailed recollection from either party or further information to support what Mr W has said, I cannot fairly conclude on this occasion that the policies were sold as he suggests they were. I would need to see more information to support what Mr W has said to conclude otherwise.
- I can’t be sure if Lloyds gave a recommendation to Mr W to have the policies but even if it did recommend the PPI, I think the policies were suitable for him anyway. Any claim under each policy more likely could be paid for up to 12 months. Mr W would have found the benefit from the cover provided useful in an extended time of

need (on top of statutory sick pay). Mr W also wasn't adversely affected by any of the main exclusions of either policy. They also seemed affordable for Mr W.

- I can't see that Lloyds explained about the main terms as clearly as it should've done. But for the same reasons why the policies were suitable, I don't think this would've made a difference to Mr W's decision to buy them.

It has been very difficult for me to get an understanding as to what happened during this sale due to the lack of information available. That said and for the reasons I've explained, I don't uphold Mr W's complaint.

This means Lloyds doesn't have to pay back all of the cost of the cover to Mr W. But Lloyds has paid back *some* of the cost of PPI to Mr W because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium for the policy that covered the Visa card) - so it should have told Mr W about that. Because Lloyds didn't tell Mr W, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium of the Visa card - and I think that is fair in this case.

my final decision

PPI wasn't mis-sold – so Lloyds Bank PLC does not have to pay back all of the cost of the cover to Mr W.

But Lloyds Bank PLC does have to pay back any commission and profit share it got that was more than 50% of the PPI premium of the policy that covered the Visa card. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 4 August 2019.

Mark Richardson
ombudsman