

complaint

Mr B complains that Lloyds Bank PLC mis-sold him a payment protection insurance (“PPI”) policy.

background

In 1996 Mr B took out a loan in one of the bank’s branches along with a PPI policy to protect the loan monthly repayments. He borrowed extra and paid upfront for the PPI all in one go. So the cost of the policy was added to the loan and interest charged.

Our adjudicator didn’t think the complaint should be upheld. Mr B disagrees. Mr B’s main complaint is that he was told taking out PPI would help his application and he felt pressured into taking it out. So the complaint comes to me for a final decision.

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 Mr B’s complaint.

Lloyds couldn’t provide Mr B’s signed credit agreement. But it isn’t surprising, given how long ago this sale happened, that paperwork isn’t still available. I wouldn’t expect the bank or Mr B to have kept this. And I can’t know exactly what was discussed when Mr B arranged his loan. It wouldn’t be reasonable to expect him to recall in detail what was said at the time. So I can’t just rely on what Mr B says he can remember now.

I’ve seen an example of the loan agreement that Mr B would’ve had to sign to get his loan. There’s a section on the form headed ‘OPTIONAL LOAN REPAYMENT PROTECTION’ and there are ‘YES’ and ‘NO’ tick boxes. The ‘NO’ box is clearly shown on the form and Mr B could’ve marked this box if he hadn’t wanted PPI. So I think the wording and layout of the loan agreement makes it clear that PPI was a matter of choice. And PPI was added to Mr B’s loan account when he indicated on the form that he wanted to have it.

Lloyds advised Mr B to have PPI, but it doesn’t look as if it was unsuitable for him based on what I know about Mr B’s circumstances at the time. Mr B has changed his mind and given us different information about the work he thinks he was in when he took out this loan. Mr B had already told us he couldn’t clearly recall all the details from the time of the sale so we asked him for as much detail as possible. He hasn’t sent any further information in. It’s not surprising he’s having difficulty remembering things exactly given how long ago this took place. So I’ve made my decision by looking at everything I’ve been told and thinking about what seems most likely.

Records from the sale show that Mr B told the bank then that he was self-employed at the time. That’s also what he told us when he first complained. So I think that’s probably the case. And he told us he didn’t have any significant means he could’ve relied on when he was working for himself if he wasn’t in work. The policy would’ve covered the loan monthly repayments for up to 12 months if Mr B was unemployed. And, if he’d made a successful accident or sickness claim, the policy would’ve paid out for as long as he was off work – if necessary, until the loan was paid off. So, based on this information, I can’t say that Mr B didn’t need PPI or that the bank’s recommendation wasn’t suitable.

I don't find that it would've been any harder for Mr B to make an unemployment claim than it would've been for someone who was employed. And it doesn't look as if Mr B was affected by any of the other main conditions that might've limited the policy's benefits to him. So, even if not everything was mentioned, I don't think that knowing more about things the policy didn't cover would've made any difference to Mr B's decision to take the policy out.

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

Mr B would've seen what the PPI premium would cost and what the total loan would be on the loan agreement he signed. It mightn't have been clear how much interest he'd pay. But I don't believe the amount would've been enough to put Mr B off taking out the PPI. Mr B chose to buy the cover when he didn't have to – and I can understand why. I think the policy offered him useful benefits in his particular situation and the monthly repayments don't seem to have been unaffordable looking at his particular circumstances at the time. So I'm not persuaded better advice or information would've made any difference. This means I don't find that Mr B has lost out as a result of anything that Lloyds might've done wrong. So it doesn't need to do anything to put things right.

I've taken into account what Mr B has said about the way the bank dealt with a different PPI case. But I've looked at the circumstances that apply in this particular case and what happened on the other case doesn't change my conclusion here.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 January 2018.

Susan Webb
ombudsman