complaint

In 2005, Ms L took out two linked credit cards with Lloyds Bank Plc (Lloyds), then trading as Lloyds TSB. At the same time, Lloyds sold her a payment protection insurance (PPI) policy. She thinks that Lloyds mis-sold this policy to her and she believes it should refund her all the premiums she paid for it, plus interest.

background

One of our adjudicators has already looked into this case. The adjudicator didn't think that Lloyds had mis-sold the policy to Ms L, but she disagreed and asked for an ombudsman to review her case. So it has come to me to make 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 what to do in Ms L's case. I've looked into everything and I've decided not to uphold it. I explain why below.

Ms L and Lloyds have both said that Ms L applied for her cards through the post. Ms L has told us that she is unhappy because Lloyds charged her for the policy although she never asked for it. But Lloyds has sent us a copy of the application and agreement form which Ms L filled in for the cards. The form had a separate section for services which could be taken alongside the cards. The first paragraph of this section briefly described PPI, which it called "*Payment Protection Cover*"*.* The final sentence then said:

> "*To select payment protection cover, please cross the box and sign in the relevant section of your agreement overleaf*"*.*

Lloyds offered card protection cover in similar manner. On Ms L's form, she has marked the box for PPI with a cross and signed close by. She has left the space for card protection cover blank.

Over twelve years have passed since Ms L applied for the cards and I fully accept that she is doing her best to remember what happened, but it seems to me that Lloyds gave her the chance to apply for the cards with or without PPI and that she chose to take it. If she hadn't wanted the policy, she could have left the relevant space blank.

Both Ms L and Lloyds have told us that Lloyds didn't recommend PPI to Ms L or advise her to take it. This meant that Lloyds didn't have to check the policy was right for her, but it still had to tell her about the policy fairly and clearly so she could decide whether or not she wanted it.

The application form only gave a brief summary of the policy, along with an indication of its cost. I don't know for sure what other leaflets or information, if any, Lloyds gave Ms L about PPI. It's quite possible that Lloyds didn't explain everything to her as well as it should have done. So I've looked at the main features of the policy and Ms L's circumstances in 2005 to see if there was anything about the policy which may have put her off buying it if Lloyds had explained things properly.

The policy had eligibility rules which Ms L met and she seems to have been able to afford it. It also had some exclusions which could have affected people who had problems with their health at the time they bought it, but Ms L has told us she didn't have any health problems.

As we've investigated this case, we've received contradictory information about the nature of Ms L's employment when she took the cards. However, she has written to us recently to clarify and confirm that she was self-employed. I've looked at the terms of the policy and it seems to me that it would not have been more difficult for a self-employed person to claim than for someone in other types of employment. I don't think there was anything in the policy about being self-employed which would have put Ms L off buying it.

From what Ms L has told us about her circumstances when she took the policy, if she had been unable to work she would have had few other means with which to make payments to her cards. So I think PPI could have been useful for her. Indeed, I understand that at one stage she made a successful claim on the policy.

So while I can't be sure that Lloyds explained everything to Ms L as clearly and fairly as it should have, I haven't seen anything to make me think she wouldn't have taken it if Lloyds had done things properly. I don't think Lloyds mis-sold PPI to Ms L.

But Lloyds has paid back *some* of the cost of the PPI to Ms L because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Ms L about that. Because Lloyds didn't tell Ms L, 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 - and I think that is fair in this case.

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 Ms L.

But Lloyds Bank Plc does have to pay back to Ms L any commission and profit share it got that was more than 50% of the PPI premium. 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 Ms L to accept or reject my decision before 26 December 2018.

Steve Townsley
ombudsman