

complaint

Mr L complains about the sale of a payment protection insurance ("PPI") policy when he took out a credit card with Lloyds Bank PLC, then trading as TSB, in 1994.

background

The full background to the complaint is detailed in my provisional decision which I have attached to this final decision.

No comments have been received from either party since I issued my provisional decision.

my findings

I have reviewed this complaint again. As there have been no further representations by either side I consider that the findings in my provisional decision still stand.

my final decision

I uphold Mr L's complaint and direct Lloyds Bank Plc to pay compensation as detailed in 'putting things right' in my provisional decision.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 29 May 2015.

Sally Allbeury
ombudsman

Provisional decision

complaint

Mr L complains about the sale of a payment protection insurance (“PPI”) policy when he took out a credit card with Lloyds Bank PLC, then trading as TSB, in 1994.

background

Mr L applied for a credit card at a branch of TSB. At the same time he was sold a PPI policy which would’ve paid 10% of his outstanding balance each month for up to 12 months if he’d made a successful claim. It also would’ve paid off the balance up to £5000 if he’d died.

TSB can’t say how much the policy cost but it is likely to have been around 79p for every £100 outstanding on the credit card each month.

The adjudicator didn’t uphold Mr L’s complaint. Mr L didn’t agree, so it’s been passed to me to decide.

my provisional findings

I have 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 PPI on our website, and I’ve taken this into account when deciding this case.

The sale took place in a branch and there aren’t any records of what was said during the meeting. I do, however, have a copy of the credit agreement that Mr L signed to take out the card and PPI.

The form has a separate section for Mr L to tick to select the PPI. But it looks to me as if someone else filled this form out on Mr L’s behalf for him to sign, because the same hand has completed sections that only a member of bank staff could have done. There is an initial by the PPI box, but it’s not Mr L’s, so I don’t know that he would’ve seen that he had agreed to take the PPI.

As TSB advised Mr L to buy the policy they should have assessed whether it was suitable for him. TSB say they did do this, but they haven’t been able to provide any evidence that they did. So I don’t know if there was any conversation with Mr L about the policy at all, which might’ve indicated he was aware of the policy and gave his consent to add it. Mr L has given consistent evidence saying that he didn’t know PPI had been added to his account. He says it was added without his knowledge or consent. And he’s given me a good explanation of why he wouldn’t have taken it if he’d been offered it. So I can’t be satisfied that TSB did enough to get Mr L’s consent to buy the policy.

Mr L has provided me with documents that indicate the policy may not have been suitable for him when he took it out. But as I’m upholding Mr L’s complaint for another reason I have not considered these in detail.

putting things right

TSB should put Mr L in the financial position he'd be in now if he hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. TSB should find out how much Mr L would owe on his credit card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

TSB should then refund the difference between what Mr L owes and what he would have owed.

If Mr L made a successful claim under the PPI policy, TSB can take off what he got for the claim from the amount it owes him.

- B. If – when TSB works out what Mr L would have owed each month without PPI – Mr L paid more than enough to clear his balance, TSB should also pay simple interest on the extra Mr L paid. And it should carry on paying interest until the point when Mr L would've owed TSB something on his credit card. The interest rate should be 8% a year.[†]
- C. TSB should tell Mr L what it's done to work out A and B.

[†] HM Revenue & Customs requires TSB to take off tax from this interest. TSB must give Mr L a certificate showing how much tax it's taken off if he asks for one.

my provisional decision

In the absence of any further information or representations from either party before 23 April 2015 I intend to uphold Mr L's complaint and will direct Lloyds Bank PLC to pay compensation as described above.

Sally Allbeury
ombudsman