

complaint

Mr J complains that Lloyds Bank PLC, trading as TSB, mis-sold him a payment protection insurance (PPI) policy.

background

This complaint is about a credit card PPI policy. Mr J made his credit card application in 1998, but Lloyds can't now say whether the PPI was also taken out at that time. The cover could have been taken out later, although this must have been by January 2000 as Lloyds has a record of PPI charges showing on Mr J's card statements by then.

Our adjudicator didn't think the complaint should be upheld. Mr J disagreed with the adjudicator's view, so the case 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 J's case. Having done so, I'm not upholding it for reasons that I'll now explain.

Unfortunately, Lloyds doesn't have much information or paperwork about this PPI sale. But this isn't that surprising given the sale took place such a long time ago. Mr J doesn't seem to have a particularly good memory of the sale either, although he thinks it took place in a branch meeting. In these circumstances, I need to decide what I think is most likely to have happened based on the very limited information available to me.

Mr J says he wasn't aware he'd been sold PPI and didn't know it was optional. But when he later noticed charges for the PPI on his card statements, he says he thought that the cover must be mandatory.

Lloyds no longer has a copy of Mr J's original credit card agreement, or a separate application form for his PPI policy. It has provided an example of a credit card agreement from around the time Mr J's card was taken out. And this shows that a PPI selection box would need to have been ticked for this cover to have been added. But I can't rely on this example form as I can't be sure that this was when the PPI was added to his account, or how it was sold to him.

But this service has seen a lot of other examples of TSB Trustcard credit agreements covering the whole period when the PPI may have been sold and across the different sales channels used. We also have a reasonably good understanding of the sales processes used by TSB during this time. And I'm satisfied that PPI isn't likely to have been added to Mr J's card account by TSB unless he had agreed to this.

So, on the limited information I have available to me, I think it's most likely that Mr J actively decided to take out PPI cover knowing he had a choice. But I can understand why he may not be able to recall this now.

Lloyds can't say for sure whether the PPI was recommended to Mr J. But I've looked at this complaint on the basis that Lloyds did recommend the policy. This is because this means it

needed to ensure that the policy was suitable. I don't know how Lloyds did this. But from what I know of Mr J's circumstances at the time, I can't see any reason why it wouldn't have been suitable. I say this because:

- Mr J appears to have been eligible for the policy. And I haven't found any reason why he is likely to have been affected by any of its main exclusions or limitations
- Mr J doesn't seem to have had many other means of making his card repayments if he was unable to work. In any case, this policy would have paid out in addition to any other means he might have had of making his repayments. It would have paid off ten percent of his outstanding balance each month for up to twelve months per claim. So I think he would have valued the extra security the policy gave him.
- I've no real reason to think the policy was unaffordable for Mr J. And as the premiums for the policy were charged monthly, he could have cancelled it if it no longer met his needs.

Lloyds also needed to ensure that Mr J was given enough information about the PPI policy to make up his own mind about whether he wanted it. I think that the information Lloyds gave him could have been better than it was. But for much the same reasons that I don't think the policy was unsuitable for him, I don't think better information would have changed his mind about taking it out. I think he'd still have thought it gave him useful cover at an affordable price.

So I don't think that Mr J has lost out by anything that Lloyds may have done wrong when it sold him this PPI policy. This means Lloyds doesn't have to pay back all of the cost of the PPI to Mr J. But Lloyds has offered to pay back *some* of the cost of the PPI to Mr J because:

- Lloyds got 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 offered to pay 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

I've decided 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. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 June 2019.

Simon Furse
ombudsman