

## **complaint**

Mr P says Lloyds Bank PLC (trading as Lloyds TSB) mis-sold him payment protection insurance (PPI).

## **background**

In 2003 Mr P took out a personal loan with Lloyds. At the same time it sold him a PPI policy. He paid an upfront premium for it. This was added to his loan and he paid interest on it.

Mr P says he never had any thoughts about his job not being secure and he didn't know he had PPI with the loan.

The adjudicator who looked at Mr P's complaint didn't uphold it. Mr P disagrees and so his complaint has come to me to decide.

## **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 here.

Having done so, I've decided not to uphold Mr P's complaint. I'll explain why.

Lloyds needed to make it clear to Mr P he had a choice about PPI and get his agreement to it. The PPI was sold in a meeting and I don't know what the Lloyds' adviser said to Mr P about it. But I have got a copy of his signed loan agreement.

I can see the PPI, which is set out separately from the loan, is described as optional. I can also see, immediately above Mr P's signature, there are crosses in two "Yes" boxes to say Mr P wants optional PPI and wants the premium advanced as part of his loan. The two "No" boxes next to each of these statements are blank. The crosses in the "Yes" boxes have been printed on the loan agreement, rather than filled in by Mr P – but so have all the other details. So I think it's likely Lloyds discussed Mr P's insurance needs with him, along with everything else, and he decided he wanted it knowing he had a choice.

I've gone on to look at whether there are any other reasons why I should uphold Mr P's complaint but I don't think there are. Lloyds says it recommended the PPI to Mr P, so it needed to make sure it was right for him. From what I've seen, I think it was. I say this because, looking at Mr P's circumstances and the PPI policy:

- He qualified for the cover.
- There wasn't anything to stop him claiming successfully on the PPI had he needed to. That's because he wasn't caught by some of the things it wouldn't have covered – like known health issues or unusual employment terms.
- Although Mr P says he got sick pay and had some savings, if he'd claimed successfully the PPI would've paid out on top of his sick pay and potentially for the life of the loan. It would also have covered him for up to 12 months if he'd lost his job. So I think the PPI could've been useful for him.

- Mr P would only have needed to claim about four months' worth of benefits to get back the full cost of the PPI (including the interest) but he could've claimed much more. So I think the cost was reasonable given the policy's potential benefits
- I don't know if Lloyds advised Mr P he wouldn't get a proportionate refund of his PPI premium if he repaid the loan early and cancelled the policy. But neither have I haven't seen anything to make me think he planned to do this when he bought the PPI, so I don't think it meant the PPI wasn't right for him.

As well as making sure the PPI was right for him, Lloyds also had to give Mr P clear information about the PPI so he could decide if he wanted it.

I don't think Lloyds made everything as clear as it should've, particularly about the policy's cost. Mr P's loan agreement shows the cost of the upfront premium and the monthly cost. But it doesn't say what the interest is, or the total cost of the PPI.

In Mr P's case, the total interest was just over £90. So I don't think it added that much to his monthly payments over the 32 months of his loan. And Mr P would've known what he'd be paying for the loan and PPI each month. Also I haven't seen anything to make me think he couldn't afford the PPI. So I don't think he'd have been put off if he'd had the interest and total cost set out as separate amounts.

It's possible Lloyds could've given Mr P clearer information about some other parts of the policy as well - especially things it didn't cover. But because Mr P decided to buy the cover and it was right for him, I don't think clearer information would've stopped him buying it. So I don't think he's lost out because of anything Lloyds did wrong.

### **my final decision**

For the reasons I've given, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 February 2017.

Jane Gallacher  
**ombudsman**