

complaint

This complaint is about a credit card payment protection insurance ('PPI') policy taken out in 2003. Mr M says Lloyds Bank PLC (trading as Lloyds TSB) mis-sold him the PPI.

my findings

I've 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 the sale of PPI on our website and I've taken this into account in deciding Mr M's case.

I've decided the policy wasn't mis-sold because:

- I think Lloyds made it clear that Mr M didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this.

I say this because I've seen a copy of Mr M's credit card application form. In a section headed '*Optional features*', there was an option to either select 'Yes' or 'No' to PPI. There's a tick next to the 'Yes' option and Mr M has signed the form. So I think this indicates what he wanted.

Although Mr M says PPI wasn't 'disclosed' at any stage, as this was a sale where Lloyds were making a recommendation to take PPI, I think it's more likely than not that it was discussed. Given the time that's passed since the sale, Mr M may not remember everything clearly.

PPI also would have appeared on Mr M's monthly credit card statements, so I think Mr M would have questioned this with Lloyds much sooner than he did if PPI was something he hadn't agreed to take out.

- Lloyds recommended the PPI to Mr M so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover and he seems to have had a need for the cover.
- It's possible the information Lloyds gave Mr M about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.
- Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mr M.

But Lloyds has paid back *some* of the cost of the PPI to Mr M because:

- When the policy was sold, Lloyds expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr M about that. Because Lloyds didn't tell Mr M, 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.

I've thought about everything Mr M has said, including what he's told us about a possible pre-existing medical condition (PEMC) he may have had at the time of sale. During our investigation, Mr M hasn't been able to confirm exactly when he suffered his PEMC, but it doesn't seem to have had a big impact on his day to day life. I've assumed he had it at the time of sale.

Although PEMC's were excluded, I still think that the recommendation was suitable and the policy was right for Mr M as it seems the chances of Mr M having to claim for this condition were low and I still think he would've taken out his policy had he known that it's likely he wouldn't have been able to make a claim related to his condition.

I say this because I think the likelihood of him having to claim for the condition was low, and that it was more important he was covered for more serious medical conditions which were likely to mean he had to take more time off work. And, he likely still would've been able to claim for other sickness not related to his PEMC, or unemployment if he was made unemployed

So these points don't change my decision.

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 Mr M.

But Lloyds Bank PLC does have to pay back to Mr M any commission and profit share it got that was more than 50% of the PPI premium. If it has already done this, I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 13 August 2018.

Daniel O'Shea
ombudsman