

## **complaint**

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1999. Mrs W says Lloyds Bank Plc (trading as "Lloyds TSB") mis-sold her 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 Mrs W's case.

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

- I think Lloyds TSB made it clear that Mrs W didn't have to take out the PPI and she chose to take it out – although I can understand why she can't remember this. I say this because I've seen a sample of the credit agreement Mrs W would've completed in branch with a sales person. Although the actual credit agreement is not available, I can see from the sample that Mrs W would've had to tick for PPI to be added to her account. And in the absence of any evidence to the contrary, I think it's likely that Mrs W would've selected PPI and signed the form for the PPI to be added to her account.
- Lloyds TSB recommended the PPI to Mrs W so it had to check that the PPI was right for her – and based on what I've seen of her circumstances at the time, I think that it was. For example she wasn't affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.
- It's possible the information Lloyds TSB gave Mrs W about the PPI wasn't as clear as it should've been. But she chose to take it out - so it looks like she wanted this type of cover. And it seems like it would have been useful for her if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put her off taking out the cover.
- Which means Lloyds TSB doesn't have to pay back all of the cost of the PPI to Mrs W.

But Lloyds TSB will pay back *some* of the cost of the PPI to Mrs W because:

- When the policy was sold, Lloyds TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mrs W about that. Because Lloyds TSB didn't tell Mrs W, that was unfair.
- To put that right, Lloyds TSB has basically offered to pay back the amount of commission and profit share that was above 50% of the PPI premium - and I think that offer is fair in this case.

I've thought about everything Mrs W has said – but for all the reasons I've outlined above these points don't change my decision.

## **what the business needs to do**

Lloyds TSB has to pay back to Mrs W any commission and profit share it got that was more than 50% of the PPI premium. Lloyds TSB should also pay back to Mrs W any extra interest she paid because of that.

Lloyds TSB should re-work the credit card account and pay back to Mrs W the difference between what she owes and what she would've owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. Lloyds TSB should also pay Mrs W 8%\* simple interest if she paid off her credit card at some point.

**my final decision**

The PPI policy wasn't mis-sold – so Lloyds Bank Plc (trading as “Lloyds TSB”) does not have to pay back all of the cost of the PPI to Mrs W.

But Lloyds Bank Plc (trading as “Lloyds TSB”) does have to pay back to Mrs W any commission and profit share it got that was more than 50% of the PPI premium.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs W to accept or reject my decision before 30 April 2018.

Sienna Mahboobani  
**ombudsman**

\*Businesses have to take basic rate tax off this interest. Mrs W can claim back the tax if she doesn't pay tax.