

complaint

Mr H complains that Lloyds Bank Plc (when it was trading as TSB) mis-sold him a payment protection insurance ("PPI") policy.

background

Mr H took out a credit card in 1994. At the same time he was sold a PPI policy to protect his credit card monthly repayments.

Our adjudicator didn't uphold Mr H's complaint. Mr H disagrees with our adjudicator's view. Mr H mainly says his reason for taking out the PPI was that he was informed it was very unlikely his credit card would be approved otherwise. Mr H also told us he didn't need PPI as he had other means he could've relied on to pay his credit card if he wasn't working.

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 this case.

I've decided not to uphold Mr H's complaint.

I've taken into account that Mr H said he felt pressured into taking out PPI. But I don't think the evidence is strong enough for me to safely say that was the case, just based on what Mr H says. That's because Mr H took out his credit card with PPI by filling in a postal application form sent to him at home. And although Mr H says that he'd spoken to a sales advisor at the bank and felt he had taken the PPI to get his credit card, I think that the application form made it clear he had a choice.

There's a section on the form which says "*Tick here if you would like to be covered by TSB Credit Card Payments Insurance*" (this is what TSB called its PPI). So I think the way the application form is set out makes it clear that it was up to Mr H to say if he wanted to take out PPI with his credit card – and he would've seen that the PPI was separate from and additional to the credit card. Mr H indicated on the form that he wanted to have PPI with his credit card. He could've left this tick box unticked if he hadn't wanted to have PPI.

I can completely understand that Mr H might've forgotten some of these details after so long. But, on balance, I find that PPI was added to Mr H's credit card account when he chose to take it out.

Lloyds didn't recommend the PPI to Mr H, so it didn't have to check the policy was suitable for him. But it still had to make sure that it gave Mr H enough information to make a proper decision about whether PPI was right for him.

Mr H was eligible for the policy when he took it out.

I've taken into account that Mr H's employer would've paid him 6 months' full sick pay followed by 6 months' half pay. But the policy could've paid out *in full* for up to 12 months per accident and sickness claim. So the PPI provided better protection than he could've relied on getting through his employer. And it would've paid out on top of sick pay providing Mr H with a useful benefit at a difficult time – especially bearing in mind that he might've had some extra costs as a result of being sick or disabled.

PPI would've also paid out for up to 12 months for any one claim if Mr H lost his job and became unexpectedly unemployed.

Redundancy benefits wouldn't have helped if Mr H was off work sick. PPI would've paid out in addition to any redundancy money he might've got, giving Mr H some additional financial security if he'd lost his job. I don't know if Mr H would've always had savings he could've relied on to pay his credit card bills if he was unable to work.

Based on everything he's told us, I think that the PPI offered Mr H some useful benefits.

There were some things the policy didn't cover. But it doesn't look as if that affected Mr H. So, I don't think having more information about things the policy didn't cover would've affected his decision to have PPI.

I don't think it's likely that the PPI cost was made clear to Mr H when he bought the policy. But from what I've seen, Mr H hasn't suggested that he couldn't afford the monthly premiums. And he chose to take out the policy when he didn't have to. So it seems Mr H wanted this type of cover at the time. Looked at overall, I think Mr H still would've decided to buy the policy if he'd been better informed as it provided him with worthwhile protection. I don't think it's likely that better information would've put him off buying it.

This means Lloyds doesn't have to pay back all of the cost of the PPI to Mr H.

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

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr H about that. Because Lloyds didn't tell Mr H, 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.

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 H.

But Lloyds Bank Plc does have to pay back to Mr H 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 am required to ask Mr H to accept or reject my decision before 23 February 2019.

Susan Webb
ombudsman