

complaint

Mr A says Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) mis-sold him a payment protection insurance ("PPI") policy.

background

This complaint is about a credit card PPI policy taken out in May 2000. The policy was added to Mr A's credit card account when he applied for the card in one of the bank's branches.

Our adjudicator upheld the complaint. Lloyds disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 A's case.

I've decided to uphold Mr A's complaint because Lloyds recommended the PPI to Mr A, but based on what I've seen of his circumstances at the time, I don't think it was suitable. I say this because Mr A had other ways to cover his minimum credit card repayments for a time without the PPI. He has told us he had savings worth over 12 months of his pay. Bearing in mind his overall circumstances at the time, I think he could have managed without the PPI for long enough not to really need it.

I think Mr A has lost out as a result of Lloyds's failings in this case, because I don't think he would have taken out the policy if he'd been properly advised and informed.

fair compensation

Lloyds should put Mr A in the financial position he'd be in now if he hadn't taken out PPI. I understand the policy has been cancelled already and:

- A. Lloyds should find out how much Mr A would owe on his credit card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

Lloyds should then refund the difference between what Mr A owes and what he would have owed.

If Mr A made a successful claim under the PPI policy, Lloyds can take off what he got for the claim from the amount it owes him.

- B. If – when Lloyds works out what Mr A would have owed each month without PPI – Mr A paid more than enough to clear his balance, Lloyds should also pay simple interest on

the extra Mr A paid. And it should carry on paying interest until the point when Mr A would've owed Lloyds something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]

C. Lloyds should tell Mr A what it's done to work out A and B.

[†] HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Mr A a certificate showing how much tax it's taken off if he asks for one.

my decision

For the reasons set out above, I uphold Mr A's complaint.

I require Lloyds Bank Plc (formerly Lloyds TSB Bank Plc) to pay Mr A compensation in accordance with the calculation of redress set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 1 May 2015.

Rebecca Connelley
ombudsman