

complaint

Mr M says Lloyds Bank PLC (when it was trading as TSB Bank) mis-sold him a payment protection insurance ("PPI") policy.

background

This complaint is about a PPI policy taken out alongside a loan in November 1988 in a TSB branch. As Lloyds Bank is now responsible for dealing with this complaint I'll just refer to 'Lloyds' from now on.

Mr M borrowed extra to pay for the insurance all in one go at the same time as he started the loan.

Mr M was unhappy with Lloyds' response to his complaint that it had mis-sold him the PPI policy. So he asked us to investigate.

Our adjudicator upheld the complaint. Lloyds disagreed with the adjudicator's opinion. So the complaint came to me to decide. I issued a provisional decision.

my provisional findings

Here are some of the main things I said.

Mr M told us he can't remember any sales details. And that's completely understandable after all this time.

Normally I'd look at the paperwork to show what's likely to have happened at the time and how the PPI was likely to have been presented. Lloyds couldn't provide any of Mr M's paperwork from when he took out PPI with this loan. So I've seen nothing signed by Mr M from then. But it's not surprising, given how long ago this sale happened, that documents aren't still available. I wouldn't reasonably expect the bank or Mr M to have kept these.

Lloyds has sent us sample paperwork that it says shows the sort of agreement Mr M would've signed at the time of sale. I can't be sure this is exactly the same form that Mr M would've had to sign.

I've taken into account that Mr M says he wasn't aware he had taken out PPI and he didn't agree to it. But I can't uphold this complaint just based on what Mr M says.

On balance, I think it's more likely that Mr M was persuaded of the need to protect his loan monthly repayments by taking out the PPI offered and he decided to buy the policy.

Lloyds says it advised Mr M to have PPI, but it doesn't look as if it was unsuitable for him based on what I know about Mr M's circumstances at the time.

For unemployment claims, the policy would've covered the loan monthly repayments for up to 6 instalments in any 12 months period. And repeat claims were possible after being back at work for 6 months. If Mr M made a successful accident or sickness claim, the policy would've paid out for as long as he was off work – if necessary, until the loan was paid off.

Mr M told us that he had 12 months savings he could've relied on if he wasn't working. As Mr M wasn't sure exactly when he'd taken out this loan, the information he's given us about his circumstances at the time might not be correct. But if this was all he could've relied on at the time, I can't fairly say that PPI was unsuitable for him. The policy gave him better cover – and for longer than he would've had otherwise. In addition, Mr M chose to take out a loan in preference to using his existing savings. This suggests he might have wanted to maintain his level of savings rather than use them for repaying the loan in the event of disability or unemployment.

There were some things the policy didn't cover. But I haven't seen any information to suggest that any of those things applied in Mr M's case. So, I don't think more information about what wasn't covered would've changed his mind about having PPI.

It's unlikely that Lloyds explained when Mr M bought the cover that he wouldn't get a proportionate refund on the PPI if he paid the loan off early. But there's no indication he was likely to do this when he took it out, so I don't think that would've affected his decision to buy the PPI. Based on the sample agreements forwarded by Lloyds, I also consider it's more likely than not that Mr M was given information showing that the single premium loan attracted interest, and how much that interest would be over the term of the loan.

I think the policy offered Mr M useful benefits in his particular situation and the monthly repayments seem to have been affordable for him based on the information I've seen. So I'm not persuaded that having better information would've made any difference to his decision to take out the PPI. This means I don't find that Mr M has lost out as a result of anything that Lloyds might've done wrong. So it doesn't need to do anything to put things right.

In coming to my decision I've taken into account everything that Mr M has said – including what he's told us about the way Lloyds responded when he first complained. And I appreciate that my decision will come as a disappointment to Mr M. But I hope that the way I've set out my reasons will help explain how I've reached my provisional decision.

If Mr M has any further information he can send me then I will take this into account before I make my final decision.

I appreciate that Mr M is unhappy with the service he has received from Lloyds in the course of it responding to his complaint. Although it is clear this has caused him some frustration, overall I don't consider there's sufficient reason to award Mr M compensation for this.

my provisional decision

For the reasons I've explained, but subject to anything else either Mr M or Lloyds Bank PLC want to send me by the date I've said, I'm thinking about not upholding this complaint.

what the parties said in response to my provisional decision

Mr M has a number of concerns about my provisional decision. His main points are that he feels it's unfair to find in favour of the bank where there's no documentary evidence and my decision appears to be biased against him. And Mr M doesn't believe that Lloyds tried to call him as it said – he feels that he deserves a goodwill gesture at least as this situation caused him great distress and has been very prolonged. Mr M has also sent me some paperwork that tells me a bit more about his financial situation around the time he took out this loan.

Lloyds hasn't made any further comments.

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 complaint.

I appreciate that dealing with this complaint has been very frustrating from Mr M's point of view, especially as the outcome is not what he was hoping for. I'm sorry this has been a disappointing experience for him. It's unfortunate that there is no paperwork from the time of the sale. But where there's only limited information, it wouldn't be reasonable to rely on Mr M being able to remember everything as it happened so long ago. So I can't know exactly what the bank might've said to Mr M when he took out PPI. I have to look at everything and decide what I think is most likely. In order to uphold this complaint I'd have to find that it's likely that Mr M wasn't given a fair choice about PPI or that it was added to his account without his consent. I can't uphold his complaint just based on what Mr M says. On balance, there just isn't enough information available overall for me to be able to say that Lloyds mis-sold PPI to Mr M with his loan in 1988.

In response to my provisional decision Mr M says he would've had 6 months full sick pay if he was off work in 1988. But this new information doesn't change my view. That's because the policy could've paid out for as long as Mr M was off work in the event of a successful accident or sickness claim. As the loan term was 48 months, this could've been a useful benefit that gave him much better cover than he would've had if he'd been relying on sick pay through his employer. And the policy would've paid out on top of any sick pay from work, which could've been helpful to Mr M at what's likely to have been a difficult time if he was too sick or disabled to work - particularly if he might've had extra costs as a result.

I've also thought carefully about the additional information Mr M has sent me showing the value in December 1988 of a policy that would pay a death benefit. But this isn't the same as PPI – it covered a different risk and paid out in different circumstances to PPI. It wouldn't have helped Mr M if he'd been unable to work as a result of accident or sickness or he lost his job unexpectedly and was out of work.

I appreciate that Mr M feels strongly that he's entitled to a good will payment – especially as he disputes that Lloyds tried to contact him when it said it did and it hasn't answered all of

his letters. But overall, I find Lloyds has co-operated with this service and dealt with the mis-sale issues Mr M has complained about and I don't feel this is a case where it is fair and reasonable to direct Lloyds to do anything further. If Mr M would like know more about what information the bank's records show he might want to consider making a subject access request. We can't assist with this directly but information about this is available from the Information Commissioner's Office (ICO):

Phone 0303 123 1113

Website: <https://www.ico.org.uk>

After taking carefully into account everything that's been said in response to my provisional decision, I still think it's fair not to uphold this complaint for the reasons I explained in my provisional decision.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 May 2018.

Susan Webb
ombudsman