**complaint**

Miss F says Lloyds Bank PLC mis-sold her a payment protection insurance (PPI) policy.

**background**

This complaint is about a single premium PPI policy taken out with a loan in 2001.

I issued a provisional decision on this complaint in September 2015. I upheld it because Miss F told us that she took out the loan to pay off an existing debt. So, I thought this meant that there was a strong likelihood that Miss F would pay off the loan early. And I thought Lloyds should've known this when it recommended that Miss F took out PPI.

The PPI provided a limited refund if it was cancelled early. So I didn't think that it gave Miss F enough flexibility. So I didn't think Lloyds should've recommended the PPI to her.

I didn't think she would've bought the policy if Lloyds had made it clear it wasn't suitable. So, I thought Miss F had lost out because of what Lloyds did wrong.

Miss F responded to my provisional decision saying that she didn't have anything else to add. And Lloyds responded accepting it.

**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 Miss F's case.

As Lloyds accepted my provisional decision and Miss F hasn't given me anything else to think about, I don't see any reason to reach a different conclusion. So I uphold this complaint for the reasons set out in my provisional decision.

**what Lloyds should do to put things right**

Miss F borrowed extra to pay for the PPI, so her loan was bigger than it should've been. She paid more than she should've each month and it cost her more to repay the loan than it would have. So Miss F needs to get back the extra she's paid.

So, Lloyds should:

- Work out and pay Miss F the difference between what she paid each month on the loan and what she would've paid without PPI.

- Work out and pay Miss F the difference between what it cost to pay off the loan and what it would've cost to pay off the loan without PPI.

- Add simple interest to the extra amount Miss F paid from when she paid it until she gets it back. The rate of interest is 8% a year[†].

- If Miss F made a successful claim under the PPI policy, Lloyds can take off what she got for the claim from the amount it owes her.

† HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Miss F a certificate showing how much tax it's taken off if she asks for one.

**my final decision**

For the reasons I've explained, I uphold Miss F's complaint.

Lloyds Bank PLC should pay Miss F compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 November 2015.

Guy Mitchell
**ombudsman**