

complaint

This complaint is about a credit card payment protection insurance (PPI) policy. Mrs W says Lloyds Bank Plc, trading as "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:

- TSB haven't been able to confirm how this policy was sold to Mrs W or when. The evidence available shows that the PPI could've been taken out anytime between 1995, when Mrs W first applied for her credit card, and 2000, which is the earliest evidence supplied showing PPI. But TSB have assumed this PPI was sold in a branch in 1995 at the same time as Mrs W took out the credit card. Mrs W has also said that this policy was sold to her in 1995 in a branch, so I have assessed the case on this basis.
- Due to the length of time that's passed, there are no documents available from when Mrs W took out this PPI. So I've had to look at what we know about how TSB sold PPI around this time and the limited information we do have - to decide what I think is most likely to have happened.
- Mrs W said she was not given and information about the PPI and she was not aware she had the policy. But TSB have said they made it clear that Mrs W didn't have to take out the PPI and she chose to take it out.

While I do think that what Mrs W has told us are her honest recollections of the sale, I can understand if she can't remember everything from that time. TSB have provided us with a sample credit card application form which they say Mrs W would've completed when taking out this card and PPI. I can see from this form that there is a section for PPI with an option to tick in the box if the applicant wishes to take it out. I think that it's likely Mrs W would have seen and completed a form like the sample provided and the PPI would have only been added to her account if she selected it on this form.

So without stronger evidence to the contrary, I think it's more likely than not that TSB would've displayed the PPI as optional and Mrs W chose to take it out.

- 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 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 TSB doesn't have to pay back all of the cost of the PPI to Mrs W.

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

- When the policy was sold, 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 TSB didn't tell Mrs W, that was unfair.
- To put that right, 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 - including what she has said about having 3-6 months' worth of sick pay and 3 months' worth of redundancy pay from her employers at the time. However, this PPI could've paid for up to 12 months in the event she was off sick or made redundant and would've paid out in addition to any of these benefits from her employers.

Mrs W also said she could've relied on her parents to help her make her repayments. While I accept that her parents would've wanted to help her if she needed it, there is no guarantee they would've been in a position to do so at the time, as their circumstances may have changed. So having this PPI in place meant that she didn't need to rely on anyone else to keep up her payments.

So I still think the PPI was suitable for her and these points don't change my decision.

what the business needs to do

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

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. TSB should also pay Mrs W 8%* simple interest if she paid off her credit card at some point.

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

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 Mrs W.

But Lloyds Bank Plc 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 11 June 2018.

Sienna Mahboobani
ombudsman