

complaint

Mr B says Lloyds Bank PLC (trading as TSB) mis-sold him payment protection insurance ("PPI") policies.

background

Mr B took out two credit cards in August 1994 – a Visa card and a MasterCard. PPI was added to the cards at the same time or sometime after he took them out.

Our adjudicator didn't think the complaint should be upheld. Mr B 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'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 Mr B's case.

I've decided not to uphold Mr B's complaint. I'll explain why.

Lloyds hasn't been able to give us any details about the sale of the policies or provide us with any paperwork from the time. This means I have to base my decision on what I think is more likely to have happened using the information I have. This includes my knowledge of Lloyds' sales processes and what Mr B has said.

Lloyds isn't able to tell us how and when the PPI was sold to Mr B. It might have been sold to him when he took out his credit cards in August 1994. But it's possible that it was sold some time after this. Lloyds has sent us a copy of the earliest credit card statements it has available – from January 2000. And I can see a charge for PPI on the statement for one of the accounts. So the PPI could've been sold to Mr B at any time between those two dates.

But I think that the PPI was most likely sold to Mr B in a meeting when he took out the credit cards. I say this because Mr B has told us he took out the credit cards in a meeting and he doesn't seem to have any recollection of applying for PPI after he took them out. And Lloyds hasn't said anything to suggest that the PPI was more likely to have been sold to Mr B later on. From what I know of Lloyds' sales practices at the time, I think Mr B would most likely have completed one application form for the two cards and the PPI would've been added to both of them.

Mr B says there was no mention of PPI when he took out his credit cards and he believes it was added without his knowledge or consent. But Mr B is trying to remember something that happened over two decades ago so I can't rely on only what he's said.

Lloyds wasn't able to send us a copy of Mr B's credit card application form but it's sent us a copy of a form it says would've been in use around the time Mr B took out his credit card. This form has a section on PPI with boxes to tick to show if PPI was or wasn't wanted. From what we know of Lloyds' sales processes at the time, I think Mr B would've completed a similar form. And I think it's likely that the credit card application form would've shown that PPI was optional.

So I think that Lloyds most likely made Mr B aware that he had a choice about buying the PPI. And that he chose to take it, even if he no longer remembers doing so.

Lloyds says it isn't sure if it recommended the PPI to Mr B but it's looked at his complaint as if it did. If Lloyds recommended the policy, it had the additional responsibility of checking that it was right for Mr B based on his circumstances at the time.

From what Mr B has said it seems that his employment didn't change from when he took out the credit card and the latest date the PPI could've been sold to him. He says that he was entitled to six months' full sick pay, followed by six months' half pay from his employer. He's also told us he had around £1,000 of savings.

The PPI would've paid 10% of Mr B's credit card balance for up to 12 months if he'd made a successful claim. So it would've paid out for longer than he could've received full sick pay. It would have paid out in addition to his sick pay and on top of any redundancy pay he might've received too. This would've allowed Mr B to use his savings for other essential outgoings or keep them intact for the future. So I think Mr B could've found the cover useful.

Mr B was in permanent employment and doesn't appear to have been affected by the main things the policy didn't cover - such as pre-existing medical conditions.

So I think Lloyds' recommendation to take out the PPI was reasonable based on what I know of Mr B's circumstances at the time.

Lloyds also had to give Mr B clear information about the cost, benefits and main features of the policy, so he could decide whether or not to buy it. It's possible Lloyds didn't give Mr B all the information it should have. But I don't think better information would've stopped him from buying it. I say this for the same reasons I think the recommendation to take out the PPI was right for him.

my final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 November 2017.

Anne Muscroft
ombudsman