Financial Ombudsman Service

complaint

Mr M says Lloyds Bank Plc, trading as Lloyds TSB ('Lloyds') mis-sold him a payment protection insurance ('PPI') policy.

background

Mr M bought the policy in 2003 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Our adjudicator didn't uphold the complaint. Mr M 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 M's case.

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

Mr M says the PPI was added without his knowledge and it wasn't discussed when he applied for his loan during a branch meeting.

Lloyds has given us a copy of Mr M's loan agreement. It looks to me like the PPI was set out separately from Mr M's main loan. And it's described as "optional".

I can also see that there's a section about the PPI, with two options to say "Yes" or "No" to it. The "Yes" box has been crossed. From what I've seen I think it's likely this would've been completed as a result of a discussion with Mr M. And I think if Mr M hadn't agreed to the PPI he might've questioned why the "Yes" box was ticked at the time of sale.

So overall, I think Lloyds made Mr M aware of the PPI. And I think it was most likely added to his loan with his agreement, when he knew he had a choice.

I think it's likely that Lloyds recommended the PPI to Mr M. But it doesn't look as if it was unsuitable for him based on what I've seen of his circumstances at the time.

Mr M's told us that he could've got some sick pay from his employer if he wasn't able to work. But the policy's benefits could've paid out on top of and for longer than his sick pay would've lasted. So I think he could've found the cover useful.

I think Lloyds could've explained the cost of the policy better than it did. But even if it had, looking at his circumstances and the benefits of the policy for the overall cost, I think Mr M would've still bought it.

Given how long the policy could've paid out for, if Mr M made a successful claim he could've got back quite a bit more than what he paid for it.

Mr M would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if Lloyds thought about this when it recommended the policy or explained the situation clearly to Mr M. I know he later went on to repay his loan early. But I've seen nothing to suggest that at the time of sale he thought he'd repay the loan early. So I don't think this made the policy unsuitable or better information about this would've stopped him buying it.

It's possible Lloyds didn't point out the main things the policy didn't cover. But it's unlikely from what I've seen that Mr M would've been affected by any of these.

I've taken into account all of Mr M's and his representative's comments. But these points don't change my conclusion.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 July 2016.

Adam Williams
ombudsman