

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2006. Mr P says Lloyds Bank Plc, trading as "Lloyds TSB", mis-sold him 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 Mr P's case.

I've decided the policy wasn't mis-sold because:

- Mr P said he was never once informed PPI was being added to his account. But I think Lloyds TSB made it clear that Mr P didn't have to take out the PPI and he chose to take it out – although I can understand if he can't remember this. I say this because I've seen a copy of his credit card application form from 2006 which Lloyds TSB have said would've been sent to him after they spoke on the phone. In this there is a section for PPI where Mr P has ticked the box to agree to the PPI, and has also signed in this box separately to his signature to consent to the credit agreement. In addition Mr P has signed above this section to consent to the information included within the application. So I think Mr P agreed to take out the PPI, knowing it was something he didn't have to have.
- Mr P said he was not given any advice or recommendation to take out the PPI. But Lloyds have said they did recommend this PPI to him. I've decided to assess this as an advised sale as this places a higher responsibility on Lloyds TSB to check that the PPI was right for him. And based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover and he seems to have had a need for the cover.
- It's possible the information Lloyds TSB gave Mr P about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.
- Which means Lloyds TSB doesn't have to pay back all of the cost of the PPI to Mr P.

But Lloyds TSB will pay back *some* of the cost of the PPI to Mr P because:

- When the policy was sold, Lloyds TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr P about that. Because Lloyds TSB didn't tell Mr P, that was unfair.
- To put that right, Lloyds 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 Mr P has said - including what he has said about having sick pay from his employers. However the PPI could've potentially paid out for longer than his sick pay would've lasted him and in addition to this. Mr P has also said he could've relied on his friends and family to help him make his repayments. But having this PPI in place meant that he didn't have to rely on others to meet this financial commitments. So I still think the policy was suitable and these points don't change my decision.

what the business needs to do

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

Lloyds TSB should re-work the credit card account and pay back to Mr P the difference between what he owes and what he would've owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. Lloyds TSB should also pay Mr P 8%* simple interest if he paid off his credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr P can claim back the tax if he 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 Mr P.

But Lloyds Bank Plc does have to pay back to Mr P 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 Mr P to accept or reject my decision before 23 June 2018.

Sienna Mahboobani
ombudsman