

## complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2000. Miss G says Lloyds Bank Plc (trading as Lloyds 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 Miss G's case.

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

- I say this because I've seen a copy of Miss G's credit card application. Underneath a section headed 'optional features' there's an option to select or decline PPI by ticking a 'yes' or 'no' option. There's a tick beside the option to take PPI and Miss G has signed the form. So I think this indicates what she wanted.

I've carefully considered what Miss G has said about the option for PPI being pre-selected. But given how the PPI was presented on the form, I think it's likely that Miss G would have questioned this with Lloyds if that was the case. In this section there were also options for other products or services. One other has been selected, along with PPI.

It's also a possibility that as this sale took place in a meeting, that the Lloyds representative may have completed some of the form with, or for Miss G. But as I've already said, Miss G has signed the form to agree with its contents. So having considered everything, I think it's more likely than not that Miss G chose to take PPI understanding that it was optional.

- Lloyds recommended the PPI to Miss G 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 Lloyds gave Miss G 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 Lloyds doesn't have to pay back all of the cost of the PPI to Miss G.

But Lloyds will pay back *some* of the cost of the PPI to Miss G because:

- When the policy was sold, Lloyds expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Miss G about that. Because Lloyds didn't tell Miss G, that was unfair.

- To put that right, Lloyds 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 Miss G has said - including what she said initially about the contents of the application form and their accuracy.

We also asked Lloyds if they had any comments to make on this - on more than one occasion, but we didn't receive a response. As Miss G then told us that we should consider the application form to be representative of her circumstances at the time of sale, that's what I've done.

So having considered everything, I don't uphold this complaint.

### **what the business needs to do**

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

Lloyds should re-work the credit card account and pay back to Miss G 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. Lloyds should also pay Miss G 8%\* simple interest if Miss G paid off her credit card at some point.

\*Businesses have to take basic rate tax off this interest. Miss G 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 Miss G.

But Lloyds Bank Plc does have to pay back to Miss G 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 Miss G to accept or reject my decision before 9 April 2018.

Daniel O'Shea  
**ombudsman**