

complaint

Mrs C says that Lloyds Bank PLC (Lloyds) mis-sold her a regular premium Payment Protection Insurance (PPI) policy when she took out a credit card.

background

This complaint is about a credit card PPI policy taken out in 1994. The policy was added to Mrs C's credit card account when she took out a credit card with Lloyds.

The cost of the PPI policy was no more than £0.79 per £100 of the outstanding monthly balance. If Mrs C couldn't work due to accident or sickness or if she lost her job, a successful claim would've paid 10% of the outstanding monthly balance on Mrs C's credit card for up to 12 months per claim.

Our adjudicator didn't think the complaint should be upheld. She thought the policy was presented as optional and would've provided a suitable benefit.

Mrs C disagreed. She says it wasn't made clear the policy was optional and she didn't need it.

So the complaint has come to me for a decision.

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 Mrs C's complaint.

Having done so, I've decided not to uphold Mrs C's complaint.

Lloyds had to make it clear the PPI was optional and make sure Mrs C agreed to take it. Mrs C says this wasn't done. Mrs C hasn't given us much detail about what was said during the sale to make her think this. But I think that's understandable as the PPI was sold a long time ago. So I've relied more on what the documents from the time show and what we know about how Lloyds sold PPI at the time.

Lloyds has given us a copy of the credit card application form. I can see on it there is a separate section titled "TSB Credit Card Payments Insurance". Within this section it says to "...tick here if you would like to be covered...". I can see that the box has been selected to take the cover. If Mrs C didn't want to take out PPI she could've left the box clear. Mrs C then went on to sign and date the credit agreement. So I think it's likely Mrs C knew she had a choice about taking out PPI and I'm satisfied Mrs C ticked to take PPI because she wanted the cover.

Lloyds advised Mrs C to take the policy. What this means is that Lloyds not only had to provide information about PPI in a clear, fair and not misleading way so that Mrs C could make an informed choice about buying PPI. It also had to make sure that if it were to recommend PPI that the policy was suitable to her needs and circumstances.

I don't know if Lloyds did take all the steps it should've. But I think the policy was a suitable recommendation for Mrs C for the following reasons:

- Mrs C was eligible for the PPI.
- It doesn't look like she would've been caught by any of the main exclusions in the terms and conditions of the policy which could've made it difficult to make a successful claim.
- At the time of the sale Mrs C says she was entitled to a good level of sick pay but had no other means of making her repayments if she couldn't work. But the policy would've paid out of top of her sick pay and for potentially longer. So I think the policy would've provided a useful benefit for her.
- There is nothing to suggest the policy wasn't affordable to Mrs C and if she no longer wanted the policy she was able to cancel it.

I also need to consider whether Lloyds gave Mrs C information in a way which was clear, fair and not misleading so that she could make a proper choice about whether or not she wanted to take the policy out. I don't know if Lloyds did give all of the information as it should've.

But for the same reasons that the policy was suitable and based on what Mrs C has told us about her circumstances at the time, I think she would've still taken out the PPI policy if she'd been given all the proper information on the policy.

Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mrs C.

But Lloyds has paid back *some* of the cost of the PPI to Mrs C 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 Mrs C about that. Because Lloyds didn't tell Mrs C, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

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 C.

But Lloyds Bank PLC does have to pay back to Mrs C any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs C to accept or reject my decision before 1 September 2018.

Caroline Davies
ombudsman