

complaint

This complaint is about a credit card payment protection insurance ('PPI') policy. Mrs M says Lloyds Bank PLC (trading at the time as 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.

Due to the length of time since this sale, Lloyds can't confirm how or when the policy was sold. This isn't unusual. Their records show that this credit card account opened in 1994. They've treated 1994 as the date of sale. Mrs M isn't sure when the policy was sold either but has mentioned that it may have been during a telephone call.

In the absence of evidence, I've considered that the PPI and credit card were opened at the same time – in 1994, in a meeting and that Lloyds made a recommendation that she take PPI. I say this because it places more responsibility on Lloyds as they had to take reasonable steps to check that make sure that the PPI policy was right for Mrs M.

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 M's case.

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

- I think Lloyds made it clear that Mrs M didn't have to take out the PPI and she chose to take it out – although I can understand why she can't remember this.

Due to the passage of time, there are no copies of the paperwork that may have been completed at the time of sale. But Lloyds have shown us example documents that they say are reflective of what Mrs M would have seen at the time of sale. These show that PPI would have been presented as optional.

I've also considered that one of Mrs M's main complaint points is that she wasn't aware that she'd taken PPI. But the PPI premiums would have appeared on Mrs M's monthly credit card statements. So I think if PPI was something she hadn't agreed to take, or wasn't aware she'd taken, that she'd reasonably have questioned this with Lloyds much sooner than she did.

So, on balance, based on what I've seen, I think it's more likely than not that PPI was presented as optional and that Mrs M agreed to take it out.

- I've considered that Lloyds made a recommendation to take PPI to Mrs M, 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 Mrs M about the PPI wasn't as clear as it should've been. But I think 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 Mrs M.

But Lloyds will pay back *some* of the cost of the PPI to Mrs M 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 M about that. Because Lloyds didn't tell Mrs M, 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 Mrs M has said, including what she's said about not needing the policy because of her existing means of making her repayments. But even when I've considered all of her existing means together, I still think the recommendation was suitable and the policy was right for her. I say this as it could have paid out in addition to, and for longer than Mrs M's existing means would have likely lasted.

I've also noted Mrs M's points about not knowing the ongoing cost of the policy, but for the reasons I've already said, I don't think better information on the cost would have changed her decision to take the policy. And, as she paid for this policy by a monthly premium, she could cancel it at any time if her circumstances changed, she wasn't happy with the cost or she no longer wanted the policy.

So these points don't change my decision.

what the business needs to do

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

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

*Businesses have to take basic rate tax off this interest. Mrs M 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 Mrs M.

But Lloyds Bank PLC does have to pay back to Mrs M 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 Mrs M to accept or reject my decision before 6 August 2018.

Daniel O'Shea
ombudsman