

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2002. Mr D 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 D's case.

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

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

I say this because I've seen a copy of Mr D's credit card application form. On it, under the heading 'optional features', there's an option to accept or decline PPI. There's a tick next beside the option to take PPI and Mr D has signed the form. If Mr D didn't want PPI, he could've ticked to indicate if PPI isn't wanted.

- Lloyds didn't recommend the PPI to Mr D so it didn't have to check that the PPI was right for him. But it did have to make sure Mr D got the information he needed to decide if it was right for him.
- It's possible the information Lloyds gave Mr D about the PPI wasn't as clear as it should've been. But he chose to take out the PPI - so it looks like he wanted this type of cover. Based on what I've seen of his circumstances at the time it doesn't look like he was affected by any of the exclusions to or limits on the PPI cover - so it would have been useful for him if something went wrong. It also looks like the PPI was affordable. So I don't think better information about the PPI would have put him off taking out the cover.
- It's possible the information Lloyds gave Mr D 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 doesn't have to pay back all of the cost of the PPI to Mr D.

But Lloyds will pay back *some* of the cost of the PPI to Mr D 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 Mr D about that. Because Lloyds didn't tell Mr D, 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 Mr D has said - including what he's said about not being told that he could purchase PPI from another business. Lloyds weren't obliged to tell Mr D about other policies that other businesses sold. And, as Mr D paid for this policy by a monthly premium, if his circumstances changed or he no longer wanted the policy, he could cancel it at any point without losing out. But this point doesn't change my decision.

what the business needs to do

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

Lloyds should re-work the credit card account and pay back to Mr D 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 should also pay Mr D 8%* simple interest if Mr D paid off his credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr D 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 D.

But Lloyds Bank Plc does have to pay back to Mr D 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 D to accept or reject my decision before 15 March 2018.

Daniel O'Shea
ombudsman