

complaint

Miss F says Lloyds Bank PLC, trading as Lloyds TSB ('Lloyds') mis-sold her a payment protection insurance ('PPI') policy.

background

Miss F bought the policy in 2003 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Miss F had other loans with Lloyds. But this complaint is just about the sale of the policy taken with her loan ending 4523.

Our adjudicator didn't uphold the complaint. Miss F disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 Miss F's case.

I've decided not to uphold Miss F's complaint. I'll explain why.

Miss F says she was told she had to take the PPI to be accepted for a loan.

As the PPI was sold in a branch meeting I don't know exactly what was said to Miss F about the PPI. So I've looked at all the information that is available to decide what I think most likely happened.

We've been given a copy of Miss F's loan agreement. Having looked at this, I can see that the PPI was described as "optional". The agreement also gave two options for the PPI - to say "Yes" or "No" to it. The "Yes" option has been selected on the agreement. This looks to be pre-selected, rather than being completed by hand. But from what I've seen, I think it's likely this would've been done as a result of a conversation about the cover. I've not seen enough to make me think that Miss F couldn't get the loan without agreeing to PPI.

So based on everything I've seen I think it's likely Lloyds made Miss F aware that the PPI was optional and that she chose to take it out.

Lloyds recommended the PPI to Miss F, but it doesn't look as if it was unsuitable for her based on what I've seen of her circumstances at the time.

Miss F has told us she would've received a redundancy payment and some sick pay from her employer if she couldn't work due to illness. But she was taking on a new financial commitment which she was solely responsible for. And it looks like the policy would've paid out for longer than her work benefits would've lasted – if she made a successful claim. So I still think the PPI could've been worthwhile for her.

Miss F would've received a limited refund of the PPI premium if she cancelled the policy early. I don't know if Lloyds thought about this when it recommended the policy or explained

the situation clearly to Miss F. But I've seen nothing to suggest she thought she'd repay the loan early. So I don't think this made the policy unsuitable or better information about this would've stopped her buying it.

I think Lloyds could've explained the cost of the policy better than it did. But even if it had, I think Miss F would've still bought it because it could've been useful.

And given how long the policy could've paid out for, if Miss F made a successful claim she could've got back quite a bit more than what she paid for it.

It's possible Lloyds didn't point out the main things the policy didn't cover. But from what I know about Miss F's circumstances, it's unlikely she would've been affected by any of these.

I've taken into account Miss F's comments, including what she's said about the extra cost of PPI stretching her financial budget. But for the reasons set out above, I don't think the policy was unaffordable for Miss F. So these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 May 2016.

Adam Williams
ombudsman