

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2000. Mr G 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'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 Mr G's case.

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

- Mr G's credit card application form listed the PPI as optional and had equally noticeable boxes to say 'yes' or 'no' to the PPI. The 'yes' box has been ticked and Mr G has signed the form. So based on the evidence I have, I think Lloyds made it clear that Mr G didn't have to take out the PPI and he chose to take it out.
- Mr G took out the credit card and the PPI at a branch meeting. Lloyds recommended the PPI to Mr G so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover. From what Mr G's told us, he didn't have a lot in savings to fall back on and he's not been able to tell us about any pay he'd have got if he was sick or lost his job. So he seems to have had a need for the cover.
- It's possible the information Lloyds gave Mr G 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. 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 G.

But Lloyds will pay back *some* of the cost of the PPI to Mr 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 Mr G about that. Because Lloyds didn't tell Mr 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 Mr G has said - including what he's said about not finding out about the PPI until after the sale. But I've explained why the evidence I have makes me think Mr G agreed to the PPI when he took out his credit card. I've also thought about what Mr G has told us about his financial situation more generally and the personal impact it has had on him, as well as his wider concerns about Lloyds and the financial sector. But my decision is about the PPI policy Lloyds sold Mr G and Mr G's points don't change what I think about that. So these points don't change my decision.

what the business needs to do

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

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

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

But Lloyds Bank PLC does have to pay back to Mr 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'm required to ask Mr G to accept or reject my decision before 26 February 2018.

Richard Sheridan
ombudsman