

## **complaint**

Miss M complains that Lloyds Bank PLC (when it was trading as Lloyds TSB) mis-sold her a payment protection insurance ("PPI") policy.

## **background**

In 2001 Miss M took out a loan along with a PPI policy to protect the loan monthly repayments. She borrowed extra and paid up front for the PPI all in one go. So the cost of the policy was added to the loan and interest charged.

Miss M told us she was unhappy with the PPI as she never knew she had it and she didn't need the cover.

Our adjudicator didn't think the complaint should be upheld. Miss M disagrees so the complaint comes to me to decide how it should be settled.

## **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 this case.

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

I've seen a copy of Miss M's signed credit agreement. Miss M took out her loan during a meeting at a local branch. So I think the pre-printed cross in the 'YES' box in the section headed 'OPTIONAL LOAN PROTECTION' was probably included on the form printed off for Miss M to sign after there'd been a discussion about PPI and she'd said she wanted it.

There's a clearly marked 'NO' box on the form she signed that could've been crossed instead if Miss M hadn't wanted PPI.

In my view, the wording and layout of the agreement highlights the fact that PPI was a matter of choice. So, despite what Miss M says, I think there'd have been an opportunity for her to decline the PPI if she didn't want to have it. Based on the information I've seen, I can't fairly say that the policy wasn't presented to Miss M as optional or that she didn't choose to take it out.

Lloyds says it advised Miss M to have PPI, but it doesn't look as if it was unsuitable for her based on what I know about Miss M's circumstances at the time.

The policy would've covered the loan monthly repayments for up to 12 months if Miss M was unemployed. And the policy would've protected her if she was disabled or too sick to work as well. If she'd made a successful accident or sickness claim, the policy would've paid out on top of any work benefits for as long as she was off work until the loan was paid off. I think this could've been very useful if Miss M wasn't able to work as she might've had other expenses to meet as a result of being sick or disabled. The policy would've also paid out a lump sum in the event of accidental permanent total disability.

Relying on family support isn't as dependable as taking out PPI. I don't know if Miss M would've always been able to rely on family to help out if she couldn't work and had money problems. So I think PPI could've provided valuable cover for Miss M if she'd needed to claim.

It doesn't look as if there were any significant policy terms or exclusions that would've affected Miss M being able to make a claim. So even if she'd been given more information about the policy details, I don't think this would've made any difference to her decision to take out the cover.

It's unlikely that Lloyds explained when Miss M bought the cover that she wouldn't get a proportionate refund on the PPI if she paid the loan off early. But there's no indication she was likely to do this when she took it out, so I don't think that would've affected her decision to buy the PPI.

Miss M would've seen what the PPI premium would cost and what the total loan would be - this information is clearly set out on the loan agreement she signed. I agree that it mightn't have been clear how much interest she'd pay on the PPI part of the loan. But I don't think this would've made a difference to Miss M's decision to buy the policy. Miss M chose to buy the cover when she didn't have to - and I can understand why. I think the policy offered her useful benefits in her particular situation, the interest on the PPI part of the loan didn't add significantly to the overall cost and her monthly repayments seem to have been affordable. So I'm not persuaded better information about the cost would've made any difference.

This means I don't find that Miss M has lost out as a result of any failings during the sale process.

### **my final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 February 2018.

Susan Webb  
**ombudsman**