

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1996. Mrs S says Lloyds Bank PLC ('Lloyds'), who were trading at the time as Lloyds TSB, mis-sold her 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 Mrs S's case.

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

- Lloyds has not been able to provide documentation from the time of the sale. As these events occurred over 21 years ago that's maybe not surprising. But I think Lloyds made it clear that Mrs S 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 now, many years later. I say this because I've seen a sample application form. I think it's most likely that this is the form that would have been used at the time of the sale. To get the cover Mrs S would have had to select it and she would have had a choice about doing that. So it seems most likely that Mrs S did choose it and did so knowing she had a choice about it.

But in any event, even without this document, considering how long ago the sale was in this case, I haven't seen sufficient evidence to be able to uphold the complaint on these points.

- Lloyds recommended the PPI to Mrs S 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 was eligible for the policy and wasn't affected by any of the exclusions from or limits to the PPI cover. And she seems to have had a need for the cover. I say this as Mrs S told us she only had sick pay that would have lasted for no more than three months, such that she told us she would have had to rely on her husband and her wider family for support if she was too ill to work. This policy could've covered 10% of her monthly balance for up to 12 months. And as it would've paid out for longer than her sick pay lasted, and reduced her reliance on any help her family may have been in a position to offer her, I think she could've found this cover useful.
- The cost was comparable to other policies from the time which offered similar potential benefits. And I've seen no evidence that the cost was unaffordable.
- It's possible the information Lloyds gave Mrs S about the PPI wasn't as clear as it should've been. But for the same reasons that I think the policy was suitable, 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 S.

But Lloyds has offered to pay back *some* of the cost of the PPI to Mrs S 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 S about that. Because Lloyds didn't tell Mrs S, 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.

what the business needs to do

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

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

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

But Lloyds Bank PLC does have to pay back to Mrs S any commission and profit share it got that was more than 50% of the PPI premium, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 December 2018.

Douglas Sayers
ombudsman