

complaint

This complaint is about a credit card payment protection insurance (“PPI”) policy. Mrs M says Lloyds Bank Plc, trading as “TSB”, mis-sold her 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 Mrs M's case.

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

- TSB haven't been able to confirm how this policy was sold to Mrs M or exactly when. The evidence available shows that the PPI could've been taken out anytime between 1998, when Mrs M first applied for her credit card, and 2000, which is the earliest evidence supplied showing PPI. But TSB have assumed this PPI was sold in a branch in 1998 at the same time as Mrs M took out the credit card. Mrs M has also said that this policy was sold to her in a branch. And she has given us evidence saying she thinks that the policy was sold in 1998 but also evidence saying she thinks it was sold in 2000. So I have assessed the case as a branch sale and on the basis that this PPI would've most likely been sold between 1998 and 2000.
- Due to the length of time that's passed, there are no documents available from when Mrs M took out this PPI. So I've had to look at what we know about how TSB sold PPI around this time and the limited information we do have - to decide what I think is most likely to have happened.

TSB have said they would have made it clear that Mrs M didn't have to take out the PPI and she chose to take it out. And TSB have provided us with a sample credit card application form which they say Mrs M would've completed when taking out this card and PPI. I can see from this form that there is a section for PPI with an option to tick in the box if the applicant wishes to take it out. I think that it's likely Mrs M would have seen and completed this form or a similar form to the sample provided - and the PPI would have only been added to her account if she selected it on this form.

So without stronger evidence to the contrary, I think it's more likely than not that TSB would've displayed the PPI as optional and Mrs M chose to take it out.

- Mrs M has not disputed that the policy was optional or she chose to take. But she's said that she took the policy out because the TSB sales representative was pushy and insisted she had to have it. These seem to be allegations of pressure. However, this sale took place more than 10 years ago, and even the best of memories can fade over time. So it would be difficult to rely on Mrs M's statements alone to say that something untoward happened. And pressure is a high bar – what one person may feel is pressure, another may not. So without any further evidence to support what Mrs M has said I won't be upholding the complaint on this point.
- TSB recommended the PPI to Mrs M so it had to check that the PPI was right for her – and based on what I've seen of her circumstances between 1998 and 2000, I think that it

was. For example she wasn't affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.

- It's possible the information TSB gave Mrs M about the PPI wasn't as clear as it should've been. But she chose to take it out - so it looks like she wanted this type of cover. And it seems like it would have been useful for her if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put her off taking out the cover.
- I've thought about everything Mrs M has said - including what she has said about having 6 months full, followed by 6 months half sick pay. This meant that after the initial 6 months her sick pay would've dramatically reduced. This PPI, however, could've paid out up to £500 per month for up to 12 months if the event she was too sick to work. It also could've provided her with redundancy cover in addition to the cover she had from her employers. So I still think this policy would've been suitable for her.
- Mrs M has also mentioned having some savings and a car she could've sold. We tried to contact her representative a number of times to get some more information about this. However, at the time of writing this decision I have not been provided with any further details so I've not been able to rely on this as Mrs M would've liked me to have. So I still think the PPI was suitable for her and these points don't change my decision.

This means TSB doesn't have to pay back all of the cost of the PPI to Mrs M. But TSB will pay back *some* of the cost of the PPI to Mrs M because:

- When the policy was sold, TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mrs M about that. Because TSB didn't tell Mrs M, that was unfair.
- To put that right, TSB 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

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

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

*TSB have to take basic rate tax off this interest. Mrs M 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 M.

But Lloyds Bank Plc does have to pay back to Mrs M 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 Mrs M to accept or reject my decision before 29 July 2018.

Sienna Mahboobani
ombudsman