

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1996. Mr W says Lloyds Bank PLC (trading at the time as TSB) mis-sold him 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 Mr W's case.

Mr W has said he can't remember the sales channel for how this policy was sold. Lloyds also aren't sure. So I've considered that this policy was sold during a meeting where Lloyds made a recommendation to take PPI. This places more responsibility on Lloyds as it means they had to take reasonable steps before making a suitable recommendation based on Mr W's circumstances.

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

- I haven't seen a document that shows me how PPI was presented to Mr W or his explicit consent to taking the policy. This isn't unusual given the time that's passed. Lloyds have shown us an example credit agreement that they say is reflective of what Mr W would have seen, but it's dated after Mr W took out this policy so I haven't placed weight on it.

Mr W initially complained that he felt pressured into taking PPI and that the credit card approval was dependant on him taking the PPI. But after our initial assessment he said he never agreed to take it out. So there are some discrepancies in Mr W's testimony. But this is understandable give the time since the sale. In any case, pressure can be subjective, and what feels like pressure to one person may not to another. And I haven't seen strong evidence to support what Mr W has said.

I've considered what we know more widely about how Lloyds sold PPI around the time Mr W took out this policy. I think it's more likely than not that Lloyds made it clear that Mr W didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this.

- As I think Lloyds recommended the PPI to Mr W, this means 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 and he seems to have had a need for the cover.
- It's possible the information Lloyds gave Mr W 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. It also looks like it was affordable. 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 W.

But Lloyds will pay back *some* of the cost of the PPI to Mr W 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 W about that. Because Lloyds didn't tell Mr W, 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 W has said, but these points don't change my decision and I don't uphold this complaint.

what the business needs to do

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

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

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

But Lloyds Bank PLC does have to pay back to Mr W 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 Mr W to accept or reject my decision before 30 April 2018.

Daniel O'Shea
ombudsman