

complaint

Mrs N says Lloyds Bank PLC (trading Lloyds TSB Bank plc) mis-sold her a payment protection insurance ("PPI") policy.

background

Mrs N bought the policy in 2001 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Our adjudicator didn't uphold the complaint. Mrs N disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 N's case.

I've decided not to uphold Mrs N's complaint because:

- I think Lloyds made Mrs N aware the PPI was optional and that she chose to take it out. Mrs N took out her loan and the policy during a meeting. Mrs N's loan agreement included a question on PPI. The "yes" box has been selected to say that Mrs N wanted PPI. There was an option to select the "no" box. Whilst this agreement is a printed document, I think this answer was most likely as a result of a conversation Mrs N had with Lloyds before the agreement was printed. And if Mrs N hadn't said she wanted PPI, I think she would've questioned why PPI was being included. Mrs N instead signed the agreement just below this question.
- Lloyds recommended the PPI to Mrs N, but it doesn't look as if it was unsuitable for her based on what I've seen of her circumstances at the time. Mrs N has said that she would've received some sick pay from her employer, but the policy could've paid out for longer than this would've lasted. I do note Mrs N's comments about being able to get help from her family. But the support of family, whilst reassuring, isn't a source of funding that can be relied upon and circumstances can change. So I think the policy could've been useful to Mrs N.
- I think Lloyds could've explained the cost of the policy better than it did. The loan agreement set out the price of the premium and the monthly cost of it, separately from the rest of the loan. But it didn't clearly explain how much interest Mrs N would have to pay on the policy. But this was a relatively small amount, given the size of the loan. So even if Lloyds had made this clearer, I think Mrs N would've still bought the policy.
- Given how long the policy could've paid out for, if Mrs N made a successful claim she could've got back quite a bit more than what she paid for it.

- Mrs N would've received a limited refund of the PPI premium if she cancelled the policy early. I don't know if Lloyds thought about this when it recommended the policy or explained the situation clearly to Mrs N. But I've seen nothing to suggest, that when Mrs N took out the loan, she thought she would repay it early. So I don't think this made the policy unsuitable or better information about this would've stopped her buying it.
- It's possible Lloyds didn't point out the main things the policy didn't cover. But it's unlikely Mrs N would've been affected by any of these.

I've taken into account Mrs N's comments. But these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 26 September 2016.

Sam Thomas
ombudsman