

Mr K says Lloyds Bank PLC mis-sold him a payment protection insurance (PPI) policy.

background

This complaint is about a single premium PPI policy taken out with a loan in 2000.

Our adjudicator upheld the complaint. Lloyds 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 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 this case.

I've decided to uphold Mr K's complaint because I don't think the policy was suitable for him. I say that because he was less than a month away from his 65th birthday at the time he took out PPI. This meant he'd only be eligible for a more limited range of benefits and I don't think he'd have found the cover useful to him. Although he was eligible for PPI at the time he took it out, he'd be unlikely to be able to claim any of the main benefits available under the policy.

I don't think Lloyds should've recommended PPI to Mr K without pointing this out. And I think it's unlikely he'd have wanted to take out the policy if it had done so.

putting things right

Mr K borrowed extra to pay for the PPI, so his loan was bigger than it should've been and he paid more than he should've each month. So Mr K needs to get back the extra he's paid.

So, Lloyds should:

- Work out and pay Mr K the difference between what he paid each month on the loan and what he would've paid each month without PPI.
- Add simple interest to the extra amount Mr K paid each month from when he paid it until he gets it back. The rate of interest is 8% a year[†].
- If Mr K made a successful claim under the PPI policy, Lloyds can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires Lloyds to take off tax from this interest. Lloyds must give Mr K a certificate showing how much tax it's taken off if he asks for one.

final decision

For the reasons set out above, I uphold Mr K's complaint.

Lloyds Bank PLC should pay Mr K compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr K to accept or reject my decision before 11 April 2016.

James Kimmitt
ombudsman