

## complaint

This complaint is about a credit card payment protection insurance (PPI) policy. Mrs F says Lloyds Bank PLC, trading as Lloyds TSB (“Lloyds”) mis-sold her the PPI. Mrs F has told us the policy was taken out in 2003 but Lloyds have provided information that shows it started in 1996 at the same time as the credit card.

## 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 F's case.

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

- Mrs F says she wasn't advised the policy was optional and that when she noticed the PPI on her statements she assumed she had to have the policy. But I think Lloyds made it clear that Mrs F 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.

Due to the length of time since the sale, there's no paperwork available so I don't have any notes to show what was discussed or copies of the paperwork Mrs F saw or signed, which isn't surprising given the length of time that's passed. And I also have to take into account that Mrs F's recollections from so long ago may have been affected over time.

From what we know about how Lloyds sold PPI in branches during this period, Mrs F would have needed to actively select to take PPI. And I haven't seen enough to think it more likely that Lloyds didn't follow it or that it was added without Mrs F agreeing to have it.

Mrs F has said she noticed the PPI on her credit card statements and assumed that she had to have the policy. So had Mrs F not known what it was or she didn't consent to taking it, I think it's more likely she would have questioned this with Lloyds sooner than she did.

- Mrs F says no recommendations were given. But Lloyds has said it did recommend the PPI to Mrs F. This meant 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 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 Lloyds gave Mrs F about the PPI wasn't as clear as it should've been. Mrs F doesn't think it was. But I think it's most likely 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.
- Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mrs F.

But Lloyds will pay back *some* of the cost of the PPI to Mrs F 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 F about that. Because Lloyds didn't tell Mrs F, 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 Mrs F has said but for the reasons mentioned above, these points don't change my decision.

#### **what the business needs to do**

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

Lloyds should re-work the credit card account and pay back to Mrs F 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. Lloyds should also pay Mrs F 8%\* simple interest if Mrs F paid off her credit card at some point.

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

But Lloyds Bank PLC does have to pay back to Mrs F 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'm required to ask Mrs F to accept or reject my decision before 12 April 2018.

Staci Rowland  
**ombudsman**