

complaint

Mr G says Lloyds Bank PLC trading as TSB ("LTSB") mis-sold him a payment protection insurance ("PPI") policy.

background

Mr G bought the policy in 2003 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. Mr G 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 Mr G's case.

I've decided not to uphold Mr G's complaint.

Mr G has said he wasn't aware he took out PPI and LTSB didn't explain that he had a choice whether to take it out. LTSB has given us the loan agreement signed by Mr G. Under the section, '*Optional Loan Protection Insurance*', the cost of the PPI is set out separately from the cost of the loan. And the yes box has been crossed next to, '*OPTIONAL LOAN PROTECTION?*'.

I accept the loan agreement has pre-populated answers typed onto it but there's other information which has also been completed electronically on the form – for example the length and amount of the loan and Mr G's personal details. So I think these answers probably came from a conversation with Mr G – including his answer about whether he wanted to take out PPI.

Although the yes box has been crossed, I think it was also possible for Mr G to ask for the box marked '*NO*' to be selected if he didn't want the policy. And if he hadn't agreed to buy the policy, I think he'd have asked about this when he reviewed the loan agreement before signing it.

LTSB has also given us a copy of the '*Optional Loan Protection acknowledgement of purchase*' document which Mr G signed to confirm he was taking out PPI.

Taking everything into account, I think LTSB made Mr G aware he had a choice whether to take the policy out and he agreed to it.

LTSB recommended the PPI to Mr G, but it doesn't look as if it was unsuitable for him based on what I've seen of his circumstances at the time. I know he's said he had some savings he could fall back on if he wasn't able to work. But LTSB has said Mr G mentioned during a phone call that he had about £1000 in case of a home emergency. So I think it's possible he wouldn't have wanted to use his savings to pay his loan. And in any event, I think the PPI would've been useful to him as it covered him for longer than his savings would've.

I think LTSB could've explained the cost of the policy better than it did. Mr G's representative has said if it had been explained clearly, he might not have taken it out. But I've looked at the cost of the policy compared to what Mr G might've thought its cost was together with his circumstances at the time. Based on what I've seen, even if the cost had been explained better, I don't think this would've stopped him from agreeing to the policy.

Given how long the policy could've paid out for, if Mr G made a successful claim he could've got back quite a bit more than what he paid for it.

Mr G would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if LTSB thought about this when it recommended the policy or explained the situation clearly to Mr G. But I've thought carefully about the reason Mr G took out the loan, the term of the loan and what I've seen of his loan history with LTSB. And I haven't seen enough to suggest he thought he'd repay the loan early. So I don't think this made the policy unsuitable or better information about this would've stopped him buying it.

It's possible LTSB didn't point out the main things the policy didn't cover. But it's unlikely Mr G would've been affected by any of these.

I've taken into account all of Mr G's and his representative's comments. But these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 June 2016.

Nadya Chandra
ombudsman