complaint

Mrs S complained that she was mis-sold payment protection insurance (PPI) with a loan with Lloyds Bank Plc (Lloyds).

background

Lloyds agreed that Mrs S had been mis-sold PPI and made her an offer of £1,566.59 in compensation.

Mrs S didn't think this offer was enough and wanted more money. She said she felt she was paying the loan for a long time and it took no account of interest etc. She also didn't think she had received a rebate when she settled the loan early.

Our adjudicator didn't uphold this complaint. Mrs S disagreed with the view and the matter has been passed to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Lloyds has agreed that the PPI was mis-sold so I am not going to look at whether the policy was mis-sold in the first place, but whether the offer was fair. I think it was fair and I would like to explain why below.

We expect a business to put a consumer in the position they would have been in if they had not taken PPI in the first place. This means we expect Lloyds to refund the amount of the PPI payments plus interest and also to give further compensation of 8% simple interest for the time the consumer was out of pocket because of the PPI.

Lloyds worked out that Mrs S had paid £812.39 in PPI premiums and added interest of £141.36. It then added 8% interest for the time Mrs S was out of pocket because of the PPI of £766.05. After tax this meant the total compensation came to £1,566.59.

Mrs S believes she is due more money from Lloyds. She said that she only had one loan and made the same payments to that loan throughout and that the compensation didn't take account of how long she had been paying the loan. Mrs S representative told us that the loan was refinanced and that the PPI policy was carried across to the new loan.

I have considered this. I can see that the loan ended 3397 and was taken out in 2003 and cancelled in 2008. The PPI policy was cancelled in 2005. The PPI premium was £1,149.45 and when it was cancelled Lloyds issued a refund of £395.71. This refund wasn't given to Mrs S directly but it would have come off the loan balance directly. This meant that Mrs S would have paid less for her loan overall.

Mrs S said that nothing was taken off her loan balance because her monthly payments didn't change and she didn't agree that she had received this rebate and wanted evidence to prove it.

Lloyds provided a screen shot which shows the redress calculations and the rebate that was applied. This breakdown shows that, although Mrs S paid the loan over the term of 60 months, the PPI policy was cancelled in 2005 (3 years before the loan ended) and the refund was applied then. This is unlikely to have changed her monthly payments; it just would have meant the amount of settlement at the end of the loan was around £395 less.

Based on the above evidence, I am satisfied that Lloyds calculated the offer of compensation as we would expect it to. I have listened to what Mrs S has said about paying the loan for longer and about not receiving a rebate and I can understand why she thinks this. The loan was paid for longer than the PPI but I am satisfied on the evidence that the PPI was cancelled in 2005 and that Mrs S received the rebate against the loan balance.

I have also thought about whether Mrs S is due any other compensation, for example if the way Lloyds handled this complaint caused her further trouble and upset which wasn't just financial. But looking at all the facts I don't think Lloyds caused her further trouble and upset and so I won't be awarding any additional compensation for this.

my final decision

For the reasons I have set out above, I am not upholding this case against Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 9 November 2015.

Miranda Bates
ombudsman