

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 2002. Mrs P says Lloyds Bank PLC (trading as Lloyds TSB) mis-sold her the PPI.

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 P's case.

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

- Mrs P felt the PPI was sold in a meeting and Lloyds told her that the PPI was compulsory. Lloyds has said that the PPI was applied for by post. Lloyds has provided me with a copy of the agreement. I can see the agreement asks for it to be returned to Lloyds by a specific date. So I think it's more likely that Mrs P applied for her credit card and PPI by post.

The copy of the agreement provided by Lloyds that Mrs P completed has a section titled '*Optional Features*'. To select PPI the section needs to be ticked in the 'yes' box and I can see it is – Mrs P has also signed the agreement. If Mrs P didn't want the PPI she could have ticked the 'no' box. So I think Lloyds made it clear that Mrs P 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.

- As this was a postal sale with no contact with Lloyds I don't think Lloyds recommend the PPI to Mrs P so it didn't have to check if it was right for her. But it did have to make sure Mrs P got the information she needed to decide if it was right for her.
- It's possible the information Lloyds gave Mrs P about the PPI wasn't as clear as it should've been. But she chose to take out the PPI - so it looks like she wanted this type of cover. Based on what I've seen of her circumstances at the time it doesn't look like she was affected by any of the exclusions to or limits on the PPI cover - so it would have been useful for her if something went wrong. It also looks like the PPI 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 P.

But Lloyds will pay back *some* of the cost of the PPI to Mrs P 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 P about that. Because Lloyds didn't tell Mrs P, 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 P has said - including what she has said about her medical condition. But when we asked for more information on this she told us that it was only a minor condition and she was not taking any medication or receiving any treatment at the time. So these points don't change my decision.

what the business needs to do

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

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

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 P.

But Lloyds Bank PLC does have to pay back to Mrs P 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 am required to ask Mrs P to accept or reject my decision before 19 April 2018.

Jag Dhuphar
ombudsman

*Businesses have to take basic rate tax off this interest. Mrs P can claim back the tax if she doesn't pay tax.