

complaint

This complaint is about a payment protection insurance (PPI) policy taken out by Mr H to protect a TSB Trustcard. Mr H says Lloyds Bank PLC ("Lloyds") mis-sold him 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 Mr H's case.

I've decided the policy wasn't mis-sold. I know this will disappoint Mr H, so I'll explain why.

I think its likely Lloyds made it clear that Mr H didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this given how long ago the sale took place.

Lloyds aren't able to say exactly when the policy was sold, as they don't have the paperwork from the time. But this isn't surprising – businesses aren't required to keep records indefinitely.

Lloyds have said that while it's most likely the policy was taken at the time Mr H applied for his credit card, it could've been applied to the account at any time up until January 2000 (when Lloyds are able to provide a statement showing PPI was being paid).

But from what I know about how Lloyds sold PPI during this time, I think it's likely Mr H was given a choice – and I don't have enough to say that it didn't follow its usual practice for selling PPI. So I don't uphold Mr H's complaint for this reason.

As Lloyds can't say how the PPI was sold, they'll accept they recommended it. This is to Mr H's benefit as it means Lloyds had to check it was right for him. And based on what I've seen of Mr H's circumstances at the time, I think that it most likely was. For example he wasn't likely affected by any of the exclusions to or limits on the PPI cover – and he seems to have had a need for the cover.

I've taken into account that Mr H was self-employed between the time the card started and when we know PPI was definitely on the account. But from what I know of these policies over this period, I think if he needed to make a claim on the policy it wouldn't have been more difficult for him to have done so because of that. So I still think it was right for him.

I accept it's possible the information Lloyds gave Mr H about the PPI wasn't as clear as it should've been. But it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.

This means Lloyds doesn't have to pay back all of the cost of the PPI to Mr H. But Lloyds will pay back *some* of the cost of the PPI to Mr H 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 Mr H about that. Because Lloyds didn't tell Mr H, 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 Mr H has said - including what he's said about not being made aware part of the interest being charged was for PPI. I've already said that it's possible the information Lloyds gave him wasn't as clear it could've been. But he would've found PPI useful, and so better information wouldn't have likely put him off buying it. So these points don't change my decision.

what the business needs to do

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

Lloyds should re-work the credit card account and pay back to Mr H the difference between what he owes and what he 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 Mr H 8%* simple interest if he paid off his credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr H can claim back the tax if he 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 Mr H.

But Lloyds Bank PLC does have to pay back to Mr H 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 Mr H to accept or reject my decision before 3 May 2018.

Ketan Nagla
ombudsman