

## complaint

This complaint is about a regular premium payment protection insurance (“PPI”) policy taken out in 2010. Mrs H says Lloyds Bank PLC, trading as TSB (“Lloyds”) 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 H’s case.

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

- I think Lloyds made it clear that Mrs H 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.

Lloyds and Mrs H say the loan and PPI was sold during a phone call. Lloyds hasn’t been able to provide a copy of the telephone call recording, so I don’t know what was said. But it has provided a copy of Mrs H’s loan agreement, sent to her after the phone call. It required Mrs H to both tick and sign separately for PPI.

Mrs H has said the advisor recommended she take out the PPI because it preferred lending to people who took out the policy. As she wanted the loan to be approved she took the PPI. I’ve considered this carefully. I think it’s possible the advisor may have recommended the policy but this is not the same thing as saying she had to have it. The loan agreement that was sent after the phone call says the insurance is *optional*. So had Mrs H not wanted to take out the policy she didn’t have to tick in the box and she could’ve left that section blank and not signed to say she wanted PPI. I’ve not seen anything in the loan agreement which suggests the policy would improve the likelihood of the loan being accepted.

So based on what I’ve seen and been told, I think Mrs H was aware the policy was optional and that she agreed to take it out – knowing she didn’t have to.

- Lloyds recommended the PPI to Mrs H so 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 H about the PPI wasn’t as clear as it should’ve been. But 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 H.

But Lloyds has paid back *some* of the cost of the PPI to Mrs 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 Mrs H about that. Because Lloyds didn't tell Mrs H, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

I've thought about everything Mrs H and her representative have said - including what they've said about her sick pay and savings. But this policy would have paid out in addition to, and for longer than Mrs H's existing means. I say this because this policy could have paid out for the remaining term of the loan for a successful accident or sickness claim and up to 12 months in the event she became unemployed. This would have been on top of any redundancy payment she may have got. So, I still think the PPI could have been useful for her and these points don't change my decision.

### **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 H.

But Lloyds Bank PLC does have to pay back to Mrs H any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 21 June 2018.

Staci Rowland  
**ombudsman**