

## **complaint**

Mr S says Lloyds Bank PLC (trading at the time as TSB) mis-sold him a payment protection insurance ("PPI") policy.

## **background**

This complaint is about a credit card PPI policy taken out in 1998. The policy was added to Mr S's credit card account when he applied for the card in person, at a meeting with the bank.

Our adjudicator didn't uphold the complaint. Mr S disagreed with the adjudicator's opinion so the complaint's 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 S's case.

Where the evidence is incomplete or inconclusive I need to decide what I think's most likely to have happened, based on the information I have.

I've decided the PPI wasn't mis-sold. I'll explain why.

- I think Lloyds made Mr S aware that the PPI was optional and that he chose to take it – although I can understand why he can no longer remember this.
- Lloyds recommended the PPI to Mr S. This means that it had a responsibility to check that it was suitable for him. But it doesn't look as if it was unsuitable, based on what I've seen of his circumstances at the time.
- I've borne in mind that Mr S has told us he'd have been entitled to sick pay from his employer. But if he'd made a successful claim on the PPI for accident, sickness or unemployment, it would have helped with his monthly credit card payments for up to 12 months per claim. That's longer than Mr S has told us he'd have been entitled to full sick pay for. And he wouldn't have had to use his savings to make his credit card payments. So I think the PPI could have been useful for him.
- It's possible the information Lloyds gave Mr S about the PPI wasn't as clear as it should have been. But Mr S chose to take out the policy and so appears to have wanted this type of cover. From what he's told us about his circumstances at the time, he wasn't affected by any of the main things the policy didn't cover.
- Based on what we know about the cost of similar policies that Lloyds was selling at the time, I'm satisfied that the policy would have been competitively priced. And I've seen nothing to make me think that Mr S couldn't afford it.
- So taking everything into account, I think it's unlikely Mr S would have made a different decision if better information had been provided. On balance I think he'd still have taken out the policy.

I've taken into account all Mr S's comments, including what his representatives have said about his having felt pressured to take the policy, and having agreed to take it out because the advisor told him his credit card application would be less likely to be approved if he didn't take the PPI.

I accept that Lloyds recommended the policy to Mr S. But pressure is a different matter, and I can't fairly conclude that Lloyds pressured Mr S to take the policy, based purely on his recollection of a conversation more than 20 years ago. What's more, I find what Mr S's representatives say about his having taken the PPI because he was pressured into it difficult to reconcile with what Mr S has said about never having been told he had PPI, and the policy having been added without his knowledge. So these points don't change my conclusion that the policy wasn't mis-sold.

But Lloyds has paid back *some* of the cost of the PPI to Mr S because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr S about that. Because Lloyds didn't tell Mr S, 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.

### **my decision**

The PPI policy wasn't mis-sold – so Lloyds Bank PLC doesn't have to pay back all of the cost of the PPI to Mr S.

But Lloyds Bank PLC does have to pay back to Mr S 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 Mr S to accept or reject my decision before 7 September 2019.

Juliet Collins  
**ombudsman**