

## complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1998. Mr L 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 L's case.

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

- Lloyds hasn't been able to give us a copy of Mr L's application but it has been able to give us a copy of the credit agreement which it says would have been used when Mr L applied for his credit card. And I can see a box that would need to be ticked in order to take the 'TSB Credit Card Payments Insurance'. So with that in mind – and from what we know about Lloyds' sales process at the time – I think it's most likely Lloyds made it clear that Mr L didn't have to take out the PPI. And that he chose to take it out. Mr L cannot recall taking the policy but it was 20 years ago so I can understand why he can't remember this.
- Lloyds says it recommended the PPI to Mr L so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover.

Mr L has told us he was in full time employment and would have received some employee benefits if he wasn't able to work. But in the event of a successful claim the policy would have paid 10% of the outstanding balance on his credit card per month and would have done so for up to 12 months. This would have paid out over and above any employee benefits he may have received so he could have used those benefits to pay for other essential outgoings.

- It's possible the information Lloyds gave Mr L about the PPI wasn't as clear as it should have been. But he chose to take it out – so it looks like he wanted this type of cover. And 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.
- Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mr L.

But Lloyds will pay back *some* of the cost of the PPI to Mr L 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 L about that. Because Lloyds didn't tell Mr L, 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 L has said – including what he has said about not remembering agreeing to the policy and that he would have refused to take it because of his secure employment. But because of what I have said above, these points don't change my decision.

### **what the business needs to do**

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

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

\*Businesses have to take basic rate tax off this interest. Mr L 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 L.

But Lloyds Bank PLC does have to pay back to Mr L 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'm required to ask Mr L to accept or reject my decision before 3 May 2018.

Catherine Langley  
**ombudsman**