

## complaint

This complaint is about a monthly payment protection insurance (PPI) policy taken out to go with a credit card that was opened in 1987. The PPI was taken out no later than January 2000. Mr W, who is represented by a third party, says Lloyds Bank PLC ("Lloyds") trading as Lloyds TSB, 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 W's case.

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

- The card was taken out in 1987. Lloyds doesn't have the paperwork from the time, but that's not unusual given that this happened so many years ago. So although Lloyds can't tell us when the PPI was sold, the earliest statements it's been able to give us are from 2000 and these show PPI on the account.
- Mr W says he didn't know he'd bought PPI and didn't need it. But from what I've seen I think Lloyds made it clear that Mr W didn't have to take out the PPI and that he chose to take it out – although I can understand why he can't remember this.
- Lloyds has told us it recommended the PPI to Mr W 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 and he seems to have had a need for the cover.
- It's possible the information Lloyds gave Mr W about the PPI wasn't as clear as it should've 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 W.

But Lloyds will pay back *some* of the cost of the PPI to Mr W because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr W about that. Because Lloyds didn't tell Mr W, 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 W has said - including what he's told us about his work benefits at the time and also that he could have relied on family support. Mr W said his employer would pay him six months at full pay followed by six months at half pay if he was

unable to work. But if he made a successful claim on his PPI policy the policy would pay out for up to twelve months, and in addition to his existing benefits. And although having the offer of family help can be reassuring, it is very much limited by individual circumstances, which can easily change from time. So overall, Mr W's points about his work and family situation don't change my decision.

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

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

Lloyds should re-work the credit card account and pay back to Mr W the difference between what Mr W 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. He should also pay Mr W 8%\* simple interest (15% before April 1993) if he paid off their credit card at some point.

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

But Lloyds Bank PLC does have to pay back to Mr W 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 W to accept or reject my decision before 1 November 2018.

Michael Goldberg  
**ombudsman**