

complaint

Mrs O has complained that Lloyds Bank PLC (Lloyds), when trading as “TSB”, mis-sold her a payment protection insurance (PPI) policy alongside a credit card. She believes it should refund her all the premiums she paid for it, plus interest.

background

One of our adjudicators has already looked into Mrs O’s complaint. The adjudicator didn’t think that Lloyds had mis-sold the policy, but Mrs O disagreed and asked for an ombudsman to review her case. So it has come to me to make a final decision.

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 what to do in Mrs O’s case. I’ve looked into everything that Lloyds and Mrs O have told us or sent us about the complaint and I’ve decided not to uphold it. I explain why below.

Mrs O has told us that she applied for the credit card and took the policy in 1996 during a meeting at one of Lloyds’ branches. She’s said that she went to the meeting mainly to open a current account, that she applied for the credit card to provide extra (spending) money if she needed it, and took PPI at the same time. Lloyds doesn’t have many records going back to 1996 and has told us that it can’t tell exactly when Mrs O bought the PPI policy. Over two decades have passed since 1996 and I’m not surprised that Lloyds no longer has any detailed records from that time, but I have no reason to doubt what Mrs O has told us about this.

Mrs O has also said that during the meeting Lloyds led her to understand that *“saying yes to taking PPI would put her in the best position of being accepted for a credit card”* and that taking PPI would *“enable her to get”* the card.

Obviously, I wasn’t at the meeting and I don’t know for sure what Lloyds said to Mrs O. But I’ve looked at the type of credit card application forms which Lloyds has told us it used at around the time Mrs O applied for her card. These forms seem to have presented PPI as optional. Customers had to show they wanted PPI by ticking boxes which gave them a choice.

Neither Mrs O nor Lloyds have a copy of her own application form, which again I don’t find surprising given how much time has passed, but I think it’s very likely that Mrs O filled out one of these forms and chose to take PPI. I don’t think that Lloyds told her she had to have it in order to get the credit card.

Lloyds has also told us that during the meeting it recommended PPI to Mrs O and advised her to buy it. This meant that Lloyds had to check that the policy was right for Mrs O *and* tell her about it fairly and clearly so she could decide if she wanted it. So I’ve looked into Mrs O’s circumstances when she applied for the card to see if it was reasonable for Lloyds to recommend the policy to her.

From what Mrs O has told us, she met the policy’s eligibility rules and she seems to have been able to afford to pay the premiums. And I haven’t seen anything to make me think that

she would have been caught out by any of the policy's main limitations or exclusions if she had needed to make a claim.

Mrs O has told us that if she was off work ill, she would have received sick pay for quite a lengthy period. But the PPI would have paid out over and above Mrs O's sick pay and would have lasted for longer. It would also have paid out if she was made redundant. Mrs O doesn't seem to have had many other significant resources to help her with her credit card repayments, so I think she had a potential need for PPI and it was reasonable for Lloyds to recommend the policy to her.

I accept that Lloyds may not have explained everything about PPI to Mrs O as clearly as it should have done. But, I'm satisfied that she was eligible for the policy, that Lloyds gave her a choice, that it was reasonable for Lloyds to recommend it to her and that she could afford it. So I don't think that clearer information about the policy would have stopped Mrs O from buying it.

I don't think Lloyds mis-sold PPI to Mrs O.

my final decision

For the reasons I have set out above, I'm not upholding Mrs O's complaint about Lloyds Bank PLC. I'm not going to tell it to give her any money back.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 20 April 2019.

Steve Townsley
ombudsman