complaint

Mrs B is unhappy with the compensation she's received from Lloyds Bank PLC (Lloyds) in relation to mis –sold payment protection insurance (PPI).

background

Mrs B complained to Lloyds that it had mis-sold her PPI on three loans. Lloyds looked into Mrs B's complaint and said it only had records that she'd been sold PPI policies on two of her loans. It said it had mis-sold her PPI on both these loans and made her two offers.

The offer for loan ending 4104 (loan 1) was based on what Mrs B actually spent on PPI. This was for £139.97. Lloyds didn't have any records of what Mrs B spent on PPI for loan ending 3702 (loan 2), so it made her an average offer. This was based on how long on average other consumers had PPI on their loans and how much this cost them. This offer was for £1,200. Mrs B was paid for both offers.

Mrs B wasn't happy with the offers. She didn't understand why the amounts were so different. So she asked us to step in. Our adjudicator explained to Mrs B that the compensation she received for loan 1 was based on records that Lloyds had of her loan. So we could see she'd got back everything she paid towards PPI for this loan. But the adjudicator asked Lloyds to look into loan 2 again to make sure the offer was fair.

Lloyds then found further information on loan 2. It provided us with Mrs B's records to show what she actually paid for this policy. These showed that loan 2 was for £500. And that Mrs B had paid £12.02 towards PPI on this loan as she paid it off early. Because of this our adjudicator thought both Lloyds' offers were fair, as Mrs B had got back all the money she'd paid. Mrs B disagreed with the adjudicator's view, so the case has been passed to me for 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.

Lloyds has agreed it mis-sold PPI to Mrs B, so I don't need to look at how the policy was sold. I need to consider whether or not Mrs B is due more compensation.

I think Lloyds' offers are fair and I'd like to explain why.

The offer Mrs B received for loan 1 is based on her information and refunds her everything she paid for the PPI, plus 8% simple interest per year for the time she was out of pocket. This is in line with what I would expect Lloyds to do if I found it had mis-sold PPI.

Lloyds has now re-calculated Mrs B's offer for loan 2. The new offer is also based on Mrs B's records, so I'm satisfied that the recalculated offer is right. Mrs B's records show she took out a PPI policy for £96.95 to cover her loan for £500. She paid the £96.95 upfront. Mrs B repaid this loan early. So Lloyds refunded her some of the money she paid towards the policy at that time. Lloyds has now worked out how much money Mrs B still needs to be paid. She paid Lloyds £12.02 in PPI premiums and interest and she is due a further £25.39 because it cost her more to repay her loan early and she gets additional interest for being out of pocket. This comes to £54.53 in total. If I'd found Mrs B had been mis-sold PPI, this is what I'd ask Lloyds to refund her.

But Mrs B has already received £1,200 in compensation for this loan, as Lloyds paid her when it made her the average offer. So I don't think Lloyds needs to do anything more to put Mrs B in the position she would've been in if she hadn't taken out PPI with loan 2. I think Lloyds has already done more than it needed to.

Considering Mrs B has received more money than she needed to for loan 2 and been refunded everything she paid for loan 1, I think both Lloyds' offers are fair and Mrs B isn't due any further compensation.

my final decision

I think the offers Lloyds Bank PLC has made Mrs B are fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 April 2016.

Amy Osborne
ombudsman