

complaint

Mr R complains that Lloyds Bank plc (trading as TSB) mis-sold payment protection insurance (PPI) to him.

background

In 1998 Mr R arranged to take a credit card from Lloyds. We know that by 2000 he had been sold monthly premium PPI to protect his repayments on the card in the event of accident, sickness, unemployment or death. By 2005 the account was closed. Mr R told us that the insurance had been added without his knowledge. He said that the cost, terms and benefits had not been disclosed and he had not needed the PPI.

Our adjudicator recommended that the complaint was not upheld. Mr R disagreed so the complaint has been passed to me for review and 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 considering Mr R's case.

Lloyds no longer has any of the paperwork from when Mr R took the credit card and the PPI. That isn't surprising when the sale took place about 20 years ago and the account closed over 10 years ago. That in itself isn't a reason to criticise Lloyds or uphold the complaint. In cases like this, where the evidence is incomplete or contradictory, I have to make my decision on the balance of probabilities – that is, to decide what is most likely to have happened.

Lloyds isn't even sure when or how the PPI was sold. It does have a few computer records which show the account opened in 1998 and was closed by 2005 and that Mr R had PPI by the start of 2000. So the PPI could have been sold any time between 1998 and 2000. However I think it is most likely that the PPI was sold in 1998 when Mr R opened the account.

The best indication available of the document Mr R would have signed when he took the card is a sample which appears to date from the start of 1999. That contains a section about PPI and a box for card applicants to tick if they "wished to apply" for PPI. Although I know Mr R said PPI wasn't mentioned to him, I couldn't expect him to have a clear recollection of any discussion so long ago. And he would still have needed to sign a credit card agreement - which was probably of this sort. From the sample document and what we know about how Lloyds sold PPI at the relevant time, I think it is more likely that at the time Mr R was aware the PPI was optional but chose to take it.

Lloyds says it recommended the PPI to Mr R. In that situation it needed, not only to give him appropriate information about it, but also check that it was suitable for him. I think that it was:

- Mr R was eligible for the policy and I can't see that it was unaffordable;
- he wasn't affected by any of the main limitations or exclusions, which could have made it difficult for some people to make a successful claim;

- I think the PPI could have been useful for him. Mr R said he had 12 months entitlement to sick pay from work. With his employer that usually meant six months full sick pay, followed by half pay. He would also have been entitled to some significant redundancy pay, though it wouldn't necessarily have lasted any longer than his sick pay entitlement. But he didn't have any savings. So I think the PPI could have been especially useful if Mr R was sick or out of work for any more than six months. But it would have paid out on top of any payment from work for sickness or compulsory redundancy. It would have paid 10% of the balance on the account for up to 12 months per claim.

I can't be sure Mr R was given adequate information about the policy to enable him to decide whether to buy it. But the PPI was competitively priced and, even if he had been given more or better information, I think he would still have taken the policy in his circumstances.

So, on balance, I can't see that Mr R has lost out because of anything Lloyds might have done wrong. That means I don't have grounds to uphold the complaint

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 August 2018.

Hilary Bainbridge
ombudsman