

## **complaint**

This complaint is about a credit card payment protection insurance (“PPI”) policy taken out in 2005. Miss B says Lloyds Bank PLC, trading as Lloyds TSB, (“Lloyds”) mis-sold her 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 Miss B’s case.

Having done this, I’ve decided the policy wasn’t mis-sold. I’ll explain why.

Miss B has told us there was no discussion about PPI and that she wasn’t aware the policy had been added. She’s told us she didn’t consent to it.

Lloyds has given us a copy of Miss B’s credit card application from the time. I can see there’s a section called ‘*select your additional benefits*’ – and an option to accept or decline PPI. A cross has been placed on the form to say the policy was wanted. Had Miss B not wanted the policy she could have marked the option to decline PPI. Miss B has signed the credit agreement to say she consents to the information contained in it- so I think this reflected what she wanted at the time.

I’ve also seen that PPI showed as a separate entry on Miss B’s statements. So had she not been aware of what it was or if she didn’t agree to the policy, I think it likely she would have questioned this with Lloyds sooner than she did.

So based on what I’ve seen and been told, I think Lloyds made it clear that Miss B didn’t have to take out the PPI and that she chose to take it out – although I can understand why she can’t remember this.

Lloyds recommended the PPI to Miss B so it had to check that the PPI was right for her – and based on what I’ve seen of her circumstances at the time, I think that it was. For example she wasn’t affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.

From the information provided, I can see Miss B was admitted to hospital for a night prior to the point of sale. The policy document shows that any claims made in relation to pre-existing medical conditions wouldn’t have been covered. Having received more information from her about this, it seems a diagnosis wasn’t made at the time of admission and that after initial medication Miss B didn’t require any further treatment and had no time off work for the condition. So, based on what I’ve seen and been told, I don’t think Miss B would have expected to have taken any time off work because of this medical condition. So I don’t think this would have made a difference to Miss B’s decision to take the policy.

Miss B has told us it was her intention to become self-employed and so she doesn’t feel she should have had PPI. Miss B has kindly given us more information about this and it appears that she became self-employed in 2009 - several years after the credit card and policy was taken out. So I don’t think this made the policy unsuitable for her. But even if I considered

that she was self-employed, having looked at the terms and conditions of the policy, I've not seen anything that would have made it more difficult for her to make a successful claim.

It's possible the information Lloyds gave Miss B about the PPI wasn't as clear as it should've been. But she chose to take it out - so it looks like she wanted this type of cover. And it seems like it would have been useful for her if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put her off taking out the cover.

This means Lloyds doesn't have to pay back all of the cost of the PPI to Miss B.

But Lloyds has paid back *some* of the cost of the PPI to Miss B 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 Miss B about that. Because Lloyds didn't tell Miss B, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

I've thought about everything Miss B has said, but for the reasons mentioned above, these points don't change my decision.

### **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 Miss B.

But Lloyds Bank PLC does have to pay back to Miss B any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation. If Miss B has any issues with the cheque Lloyds has previously sent she should contact it directly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 July 2018.

Staci Rowland  
**ombudsman**