

## **complaint**

This complaint is about a payment protection insurance (PPI) policy taken out by Mr S to protect a TSB Trustcard. Mr S says Lloyds Bank PLC ("Lloyds") 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 S's case.

I've decided the policy wasn't mis-sold. I know this will disappoint Mr S, so I'll explain why.

Lloyds have sent me screenshots of their internal systems that show this credit card started in 1997 – but they can't say exactly when the PPI was sold. Mr S has said PPI was sold to him in 1997. But it's likely he's also referring to when the credit card started.

Lloyds have sent me statements for Mr S's account. And the earliest I can see PPI on the account is January 2000. So I'll look at everything we know about Lloyds's sales processes between when the card started to when PPI shows on the credit card account.

Lloyds don't have any copies of the original paperwork from the sale. This isn't surprising given how long the sale likely took place. Mr S has said that the sale took place in a meeting and by post.

Lloyds have given me a copy of a sample application they say would've likely been used for the sale. The sample credit card application shows Mr S would've had to tick a box to say he wanted PPI. This is also consistent with what we know about these types of sales – between the dates I said I'd look at for this sale.

So, weighing everything up and without any evidence to the contrary, I think Lloyds most likely made it clear that Mr S didn't have to take out the PPI and he likely chose to take it out.

As Lloyds can't say how the PPI was sold, they'll accept they recommended it. This is to Mr S's benefit as it means Lloyds had to check it was right for him. And based on what I've seen of Mr S's circumstances around 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.

Mr S's representatives say there isn't any evidence that shows the cost and benefits of the policy were presented to him at the sale. I accept that it's possible the information Lloyds gave Mr S about the PPI wasn't as clear as it should've been. But 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.

This means Lloyds doesn't have to pay back all of the cost of the PPI to Mr S. But Lloyds will pay back *some* of the cost of the PPI to Mr S 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 Mr S about that. Because Lloyds didn't tell Mr S, 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.

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

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

Lloyds should re-work the credit card account and pay back to Mr S the difference between what he 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. Lloyds should also pay Mr S 8%\* simple interest if he paid off his credit card at some point.

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

But Lloyds Bank PLC does have to pay back to Mr S 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 S to accept or reject my decision before 23 April 2018.

Ketan Nagla  
**ombudsman**