

complaint

This complaint is about a payment protection insurance (PPI) policy taken out by Mrs J to protect a TSB Trustcard in 1995. Mrs J says Lloyds Bank Plc ("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 Mrs J's case.

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

Lloyds have given me a copy of Mrs J's signed credit agreement. Unfortunately it's not that clear given the sale took place over 20 years ago. But I can see that there's a section for PPI. And in it there's a question which asks if PPI is wanted, and if so, to tick the box. I'm satisfied there's a tick in this box. There's also another question to indicate PPI isn't wanted, and the box next to this has been left blank.

So based on this, I think it's most likely Lloyds made it clear Mrs J didn't have to take out the PPI and she chose to take it out.

Lloyds recommended the PPI to Mrs J. So they had to check it 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.

It's possible the information Lloyds gave Mrs J about the PPI – including its cost – 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.

I want to assure Mrs J that in saying the above, I've carefully considered what she's told us about her employer sick pay at the time. But PPI would've paid out for up to 12 months, and Mrs J could've used any other income for her living expenses.

So I don't think better information about the PPI would have put her off taking out the cover. Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mrs J. But Lloyds will pay back *some* of the cost of the PPI to Mrs J 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 Mrs J about that. Because Lloyds didn't tell Mrs J, 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.

I've thought about everything Mrs J has said, including what she's said about her husband being able to help out if needed. But help from others can't safely be relied on – after all their circumstances can change too.

what the business needs to do

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

Lloyds should re-work the credit card account and pay back to Mrs J the difference between what she owes and what she 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 Mrs J 8%* simple interest if she paid off her credit card at some point.

*Businesses have to take basic rate tax off this interest. Mrs J can claim back the tax if she 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 Mrs J.

But Lloyds Bank Plc does have to pay back to Mrs J 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 Mrs J to accept or reject my decision before 5 August 2018.

Ketan Nagla
ombudsman