

complaint

This complaint is about a credit card payment protection insurance (“PPI”) policy taken out in 2001. Mrs A 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 Mrs A’s case.

Mrs A has referred to the credit card and policy having been taken out during a meeting. Lloyds have said it was sold through an advertising campaign through the post. Having looked at the credit card application Lloyds has provided, I can see Mrs A’s details are printed in the top left hand corner. So I think this is most likely a postal sale.

I’ve decided the policy wasn’t mis-sold and I’ll explain why.

Mrs A told us the policy wasn’t mentioned to her and that the PPI was added without her consent.

Lloyds has given us a copy of the credit card application Mrs A completed by post. There’s a section called ‘*optional features*’ and an option to say ‘yes’ or ‘no’ to PPI. A tick has been placed in the box to say the policy was wanted. As Mrs A completed the application by post this meant she had the time to consider the application form and her decisions.

Mrs A has signed the application form to say she consents to the information contained in it – so I think this reflected what she wanted at the time. And I think it was clear that had she not wanted PPI she could have ticked ‘no’ to refuse it.

So, taking everything into account, I think Lloyds made it clear that Mrs A 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 didn’t recommend the PPI to Mrs A so it didn’t have to check if it was right for her. But it did have to make sure Mrs A got the information she needed to decide if it was right for her.

It’s possible the information Lloyds gave Mrs A about the PPI wasn’t as clear as it should’ve been. Mrs A doesn’t think it was. But she chose to take out the PPI - so it looks like she wanted this type of cover. Based on what I’ve seen of her circumstances at the time it doesn’t look like she was affected by any of the exclusions to or limits on the PPI cover - so it would have been useful for her if something went wrong. Mrs A told us she wouldn’t have got any sick pay through her employer if she was too unwell to work and had no other means such as savings or insurance. So I think the policy could have been useful to her. It also looks like the PPI 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 Mrs A.

But Lloyds will pay back *some* of the cost of the PPI to Mrs A 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 A about that. Because Lloyds didn't tell Mrs A, 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 A has said, but for the reasons mentioned above, these points don't change my decision.

what the business needs to do

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

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

*Businesses have to take basic rate tax off this interest. Mrs A 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 A.

But Lloyds Bank PLC does have to pay back to Mrs A 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'm required to ask Mrs A to accept or reject my decision before 22 July 2018.

Staci Rowland
ombudsman