

Complaint

Mr G says Lloyds Bank PLC (then Lloyds TSB) mis-sold him a payment protection insurance (PPI) policy.

background

Mr G bought the policy at the same time as taking out a loan in 2000. The loan included an amount to pay for the policy – which was £158.71 (including interest of £26.56).

Our adjudicator didn't uphold the complaint. Mr G disagreed with the adjudicator's opinion, so the complaint has been passed to me.

my findings

I've considered all of 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 deciding Mr G's case.

I've decided not to uphold Mr G's complaint. I'll explain why.

Mr G says in his PPI questionnaire that he didn't know the PPI policy had been added to his loan. He also says in response to our adjudicator's assessment that he didn't feel like he could say no to taking the policy.

I've seen a copy of the loan agreement Mr G signed. It had PPI on it, set out the costs of the policy separately to those of the loan and described it as optional.

The loan agreement also had separate "Yes" and "No" boxes in a section called "*Optional Loan Protection*" – which was just above where Mr G had to sign for the loan. The "Yes" box has an "X" in it. And while that means it was pre-printed before Mr G signed the agreement, I think that "X" is likely to have been the result of a conversation he had with Lloyds Bank about PPI.

So I don't think there's enough to say the policy was added to Mr G's loan without him knowing about it.

And having thought about everything everyone has said, and taken into account what I know about Lloyds Bank's sales process, I think it's more likely Mr G was aware that the policy was optional and that he chose to take it out knowing that.

Lloyds Bank says it recommended the PPI to Mr G – which meant it had to make sure the policy was right for him.

Mr G says he was entitled to sick pay and redundancy benefit from his employer – and so he didn't need the policy as a result.

But the policy would've paid out on top of these benefits – and, in the case of sick pay, for longer overall. And given the purpose of Mr G's loan, especially in light of its size, his circumstances at the time don't suggest the recommendation was an unsuitable one.

I think Lloyds Bank could've explained the cost of the policy better than it did as it doesn't look like it set out the interest payable on the premium or the total cost. But even if it had, I think Mr G would've still bought it given what little the missing information amounted to and the fact that he could've got back quite a bit more than what he paid for the policy had he made a successful claim.

It looks like Mr G would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if Lloyds Bank thought about this when it recommended the policy to Mr G. But he's told us that he didn't intend to pay the loan off early (despite doing so). So I don't think this made the policy unsuitable for him.

It's also possible Lloyds Bank didn't point out the main things the policy didn't cover. But given Mr G's circumstances at the time, it's unlikely he would've been affected by any of these.

my final decision

For the reasons set out above, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 May 2016.

Morgan Rees
ombudsman