

complaint

Ms N has complained that Lloyds Bank PLC mis-sold her PPI.

background

I issued my provisional decision (which is attached to, and forms part of, this final decision), in October 2015.

In my provisional decision I explained why I didn't think Ms N's complaint should be upheld, and I asked both parties to let me know whether they wanted me to look at anything else before I issued my final decision.

Both parties have said they have nothing further to add. But Ms N has said she is disappointed with the outcome of my provisional decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, and because neither party has anything further to add, I don't see any reason to depart from my findings in my provisional decision.

So for the reasons set out in the attached provisional decision, I don't uphold Ms N's complaint.

my final decision

For the reasons set out above, and in the attached provisional decision, I don't uphold Ms N's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 15 February 2016.

Katie Doran
ombudsman

Provisional decision (Copy)

complaint

Ms N has complained that Lloyds Bank PLC mis-sold her PPI.

background

This complaint is about a single premium PPI policy taken out with a loan in 1999.

The adjudicator upheld Ms N's complaint because he didn't think Lloyds made the cost of the PPI clear enough. Lloyds doesn't agree so the case has now been passed to me to make a decision.

my provisional findings

I've considered all 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 Ms N's case.

I've first looked at whether Ms N was given a clear choice to take out the PPI.

Lloyds hasn't been able to show us a copy of the loan agreement for Ms N because the sale was so long ago. But it has shown us what it says it would've looked like. The agreement says that the PPI is optional and shows that the customer should've been given the choice to either take it out or decide not to. Of course Lloyds might not have made this clear, but Ms N can't really remember much about what happened. So I think Lloyds probably did tell Ms N she had a choice.

Ms N took out the PPI before the regulation of the sale of insurance came in. Lloyds seems to think this makes a difference in terms of what it should have done. But there's a lot in common before and after regulation about what someone selling insurance had to do.

Basically, they had to give the customer clear, fair and not misleading information about the PPI so they could make a properly informed choice. And if the seller gave the customer advice – and Lloyds did in this case – they had to take reasonable steps to ensure the advice they gave was suitable.

Having looked at Ms N's circumstances at the time of the sale, I think the policy was suitable for her because:

- Ms N didn't have any sick pay, significant savings or other insurance policies (other than a critical illness policy) at the time the PPI was sold. So if she was unable to work because she had an accident, was sick or was made unemployed, the policy would've been a real help to her;
- If Ms N had an illness or medical condition at the time, it wouldn't have been covered by the policy – but she was in good health. And there wasn't anything about her job that would have made it difficult for her to make a claim. So it doesn't look like any of the things the policy didn't cover would have been a problem for her;
- It looks like the policy was affordable for Ms N; and
- The policy might not have been right for Ms N if it looked like she might pay off the loan early and cancel the policy early – it doesn't look like she would've got much of a refund of the premium compared to how long the policy had left to run. But I don't think this was a problem – the loan was only for a short term so Ms N probably didn't think she'd pay it off early.

I think Lloyds could've given Ms N clearer information about the cost of the policy. But I think if it had done this, she'd probably still have gone ahead with it anyway.

The example credit agreement Lloyds has provided – the best information it can give us about what information Ms N got about the cost of the PPI – shows the upfront premium for the policy and its monthly cost. But it doesn't show the amount in interest that would be paid on the PPI premium or the total cost of the policy if Ms N kept the loan and policy for their full terms.

I think Lloyds should have made Ms N aware of this information – if not on the credit agreement then in another way – so that she could make a proper decision. I don't think it was fair for Lloyds to expect Ms N to work out how much the PPI would cost her over the term of the loan.

But, in this case it looks like Lloyds probably put the premium on the loan agreement – it was £190. And the bit it didn't tell Ms N about – the interest she would pay on that premium – was only £27.30. This took the total cost of the policy if the loan ran its full term to just under £220. This isn't much of a difference. And I don't think if Ms N had known this it would've put her off taking out the cover – cover that could've been a real help to her if something went wrong.

There may be other areas in which Lloyds didn't give Ms N as much information as it should've done. But for basically the same reasons I've decided the policy was suitable for her, I don't think that better information would've put her off taking out the PPI.

my provisional decision

For the reasons set out above, I don't intend to uphold Ms N's complaint.

Katie Doran
ombudsman