

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1998. Mr P says Lloyds Bank Plc, trading as "Lloyds TSB", 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 P's case.

I've decided the policy wasn't mis-sold because:

- I think Lloyds TSB made it clear that Mr P didn't have to take out the PPI and he chose to take it out – although I can understand if he can't remember this now. I say this because I've seen a copy of his credit card application form from 1998. In this there is a box for PPI and Mr P has ticked the box to agree to take it out. There are other optional products also available on the form but Mr P has not chosen any of these. Mr P then signed the agreement to consent to the information contained within it. So I think Mr P agreed to take out the PPI, knowing it was something he didn't have to have.
- Lloyds TSB recommended the PPI to Mr P so it had to check that the PPI was right for him. And based on what I've seen of his circumstances at 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.

I've thought about what Mr P has said about receiving 6 months full followed by 6 months half sick pay and redundancy pay from his employers. But this means that after the initial 6 months his sick pay would have dramatically reduced. This PPI however, could've paid out for up to 12 months and in addition to his sick pay or redundancy pay. So I still think the policy was suitable for Mr P.

- It's possible the information Lloyds TSB gave Mr P about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And 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.
- Which means Lloyds TSB doesn't have to pay back all of the cost of the PPI to Mr P.

But Lloyds TSB will pay back *some* of the cost of the PPI to Mr P because:

- When the policy was sold, Lloyds TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr P about that. Because Lloyds TSB didn't tell Mr P, that was unfair.
- To put that right, Lloyds TSB 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 Mr P has said - including what he has said about having a high risk job so the PPI is unlikely to have covered him. However, I've looked at the policy documents available from the time this policy was sold and I haven't seen anything which would've prevented Mr P from making a claim based on his line of work. So I still think the policy was suitable and these points don't change my decision.

what the business needs to do

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

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

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

But Lloyds Bank Plc does have to pay back to Mr P 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 P to accept or reject my decision before 1 July 2018.

Sienna Mahboobani
ombudsman