

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1996. Mr M 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 M's case.

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

- Mr M felt the PPI was sold by phone. Lloyds also can't be certain how and when the PPI was sold but has assumed it was sold in a meeting when the credit card was taken out in 1996. Mr M has given us a statement from 1999, which is the earliest available statement and it shows PPI was already on the account – so it's likely the policy was added sometime between 1996 and 1999. I've looked at the complaint on this basis but I think it was most probably sold when Mr M applied for the credit card.

I don't have any notes of a meeting, so I don't know what was discussed. And I've not seen any paperwork from the time that's been signed by Mr M but that's not surprising as the sale took place over 21 years ago. Based on what Lloyds and Mr M have told us, along with what I know generally about how Lloyds usually sold PPI at the time, on balance I think Lloyds made it clear that Mr M didn't have to take out the PPI and he chose to take it out – even if understandably he doesn't recall that now, many years later.

- Lloyds recommended the PPI to Mr M 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.
- It's possible the information Lloyds gave Mr M 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 doesn't have to pay back all of the cost of the PPI to Mr M.

But Lloyds will pay back *some* of the cost of the PPI to Mr M 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 Mr M about that. Because Lloyds didn't tell Mr M, 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 Mr M has said – including what he has said about the advisor being 'pushy' but as I said I think Lloyds recommended the policy so the advisor may have said that Mr M *should* take out the cover but that is different to saying he *must* take it out. Mr M also felt that the policy wouldn't have provided cover for him as he was self-employed – but I have seen nothing to suggest that he would have been unable to make a claim. So these points don't change my decision.

what the business needs to do

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

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

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 M.

But Lloyds Bank Plc does have to pay back to Mr M 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 M to accept or reject my decision before 19 March 2018.

Jag Dhuphar
ombudsman

*Businesses have to take basic rate tax off this interest. Mr M can claim back the tax if he doesn't pay tax.