

complaint

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

background

Mr R bought a single premium PPI policy in June 2000 at the same time as taking out a personal loan. The loan and policy were sold during a branch meeting.

Mr R believes Lloyds mis-sold the policy. He says through his representatives that because he was self employed the policy was little or no value to him [because he couldn't claim benefit]. He also thinks his personal loan and PPI came as a package and he didn't have a choice.

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

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 R's case.

I've decided not to uphold Mr R's complaint because:

- I can't be sure how the policy was presented to Mr R during the meeting. But I've looked at what he said about how the policy was sold – including that he didn't have a choice to have the insurance (it came as a package with his loan). But I think, after considering the documentation provided and what I know of Lloyds' branch sales at that time, it is most likely that he was advised it was a good idea to have the insurance to protect his personal loan repayments, and he took it on that advice.
- I have come to this conclusion because although I haven't got very much, the sales documentation I do have suggests to me that the policy was presented as optional. I have a loan agreement which does describe the policy as optional along with a yes/no tick box on it to demonstrate Mr R most likely made a choice to have it.
- I think Lloyds recommended the PPI to Mr R, but it doesn't look as if it was unsuitable for him based on what I've seen of his circumstances at the time. He would have struggled to meet the repayments of his personal loan if he had any extended period of sickness or unemployment. Any claim could have been paid for up to 12 months and would have provided him with a useful benefit at a difficult time. So I think the policy recommended to Mr R would have been of use and so I cannot conclude that it would have been unsuitable for him based on what I have seen.
- Lloyds has provided some information showing the costs relating to PPI and the loan that Mr R took out, but I'm not sure Lloyds told him about the amount of interest that would be charged on the premium or the total cost of the policy. But Lloyds has given me evidence to show the total cost of the PPI interest was less than £100. So because this amount is

low, I don't think Mr R would've changed his mind about taking the policy if this cost was presented clearly to him (for the same reasons why I think the policy is suitable).

- Mr R would've received a limited refund of the PPI premium if he cancelled the policy early. I don't know if Mr R thought about this when Lloyds recommended the policy or explained the situation to him. But I've seen nothing to suggest he thought he would repay the loan early. So I don't think this made the policy unsuitable or better information about this would've stopped him buying it.
- Its possible Lloyds didn't point out the main things the policy didn't cover. But its unlikely Mr R would've been affected by any of these, due to his circumstances at the time of sale. He was self employed, but having looked at the terms for self employed policy holders I can see that he could have made a claim if he had met the criteria given in the policy and I did not consider these to be onerous at all. At least not enough that it would have put him off from having the policy.

I've taken into account Mr R's comments, but these points don't change my conclusion.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 11 April 2016.

Mark Richardson
ombudsman