Financial Ombudsman Service

complaint

Mrs D says Lloyds Bank PLC mis-sold her a payment protection insurance (PPI) policy.

background

Mrs D bought a single premium PPI policy in June 2003 at the same time as taking out a personal loan. The loan and policy were sold during a branch meeting.

Mrs D believes Lloyds mis-sold the policy. She says through her representatives, that she was required to take out insurance to be accepted for the loan. She also doesn't remember being told about the non-proportionate refund.

Our adjudicator didn't uphold the complaint. Mrs D 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 Mrs D's case.

I've decided not to uphold Mrs D's complaint because:

- I can't be sure how the policy was presented to Mrs D during the meeting. But I've looked at what she said about how the policy was sold – including that she felt she didn't have a choice. But I think, after considering the documentation provided, it is most likely that she was advised it was a good idea to have the insurance to protect her personal loan repayments, and she took it on that advice.

- I have come to this conclusion because although I haven't got very much, the sales documentation I 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 Mrs D had a choice.

- I think Lloyds recommended the PPI to Mrs D, but it doesn't look as if it was unsuitable for her based on what I've seen of her circumstances at the time. She had some sick pay but would have struggled to meet the repayments of her personal loan if she had any extended period of sickness or unemployment. Any claim could have been paid for up to 12 months and would have provided her with a useful benefit at a difficult time. So I think the policy recommended to Mrs D would have been of use and so I cannot conclude that it would have been unsuitable for her based on what I have seen.

- Lloyds has provided some information showing the costs relating to PPI and the loan that Mrs D took out, but I'm not sure Lloyds told her 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 Mrs D would've changed her mind about taking the policy if this cost was presented clearly to her (for the same reasons why I think the policy is suitable).

- Mrs D would've received a limited refund of the PPI premium if she cancelled the policy early. I don't know if Mrs D thought about this when Lloyds recommended the policy or explained the situation to her. But I've seen nothing to suggest she thought she would repay the loan early and the loan was only for 15 months. So I don't think this made the policy unsuitable or better information about this would've stopped her buying it.

- Its possible Lloyds didn't point out the main things the policy didn't cover. But its unlikely Mrs D would've been affected by any of these, due to her circumstances at the time of sale.

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

my final decision

For the reasons set out above, I don't uphold Mrs D's complaint.

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

Mark Richardson
ombudsman