

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1999. Mr F says Lloyds Bank PLC (trading as 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 F's case.

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

- I've seen a copy of Mr F's credit card agreement. It's not of very good quality, but mostly legible. It's indicated on the form that PPI is wanted. Although this looks to have been pre-printed, I think it's most likely to have been added following a discussion between Mr F and the adviser as some of Mr F's other personal details are also typed in.

But Mr F says no discussion took place about PPI and he signed the form. I've to consider what I think is most likely to have happened, and I think Mr F would have read the form before he signed it - so he understood what he was signing for. If PPI hadn't been discussed, I think Mr F would have asked Lloyds about it and had it removed from the form if it was something he didn't want.

However, it's also possible that Mr F didn't fully read the form. But I still think Mr F would have questioned PPI with Lloyds much sooner than he did when it appeared on his monthly credit card statements as a charge. But he continued to pay for it for a number of years.

On balance, based on the evidence, I think Mr F was aware PPI was optional and chose to take it out. I haven't seen strong enough evidence to support what Mr F has said.

- I think Lloyds made it clear that Mr F didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this.
- Lloyds recommended the PPI to Mr F 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 F 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 F.

But Lloyds will pay back *some* of the cost of the PPI to Mr F 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 F about that. Because Lloyds didn't tell Mr F, 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 F has said - including what he's said about his existing means to make his repayments if he was unable to work or made unemployed. But this policy would have paid out in addition to, and for longer than Mr F's existing means would have lasted for.

Having carefully considered all the available evidence, I don't uphold this complaint.

what the business needs to do

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

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

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

But Lloyds Bank PLC does have to pay back to Mr F 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 F to accept or reject my decision before 30 April 2018.

Daniel O'Shea
ombudsman