

complaint

Mr A originally complained to Lloyds TSB Bank Plc (Lloyds) about two payment protection insurance (PPI) policies sold in conjunction with loans arranged in 1989 and 2003. Mr A said that Lloyds mis-sold the policies to him.

Mr A has also complained about a claim he made on one of the policies which was declined.

background

In September 2012 Lloyds issued its final response to Mr A's complaint about the sale of the two PPI policies. In its final response it told Mr A that it had completed a full review and had not found any failings in the way the policies were sold.

Unhappy with Lloyds' final response Mr A brought his complaint to this service.

In December 2012 Lloyds wrote to our adjudicator stating that it was now willing to offer redress to Mr A in respect of his complaints about the sale of both PPI policies.

In January 2013 our adjudicator wrote to Mr A setting out Lloyds' offer and enclosing a settlement form for Mr A to sign and return. Mr A signed the settlement form and returned it to the adjudicator.

When the settlement form was forwarded to Lloyds it emailed our adjudicator. Lloyds said it had noticed from its records that it had already paid compensation of £3,578.55 to Mr A for the sale of one of the PPI policies. Lloyds told us that it had done this in April 2010. Lloyds also told us it would still be paying Mr A compensation of £1,200 for the mis-sale of the other policy.

Mr A has told us he is not happy with Lloyds' calculations. He says Lloyds paid £8,000 to him in February 2009 but subsequently recalled the payment and replaced it with a payment of £3,300. Mr A also said he was unsatisfied with the redress of £1,200 relating to the other PPI policy.

Mr A has also told us that he tried to make a claim under one policy in 2004. He has told us that the claim was declined because he was self-employed. Mr A has said he wants the claim to be met retrospectively.

I issued my provisional findings in June 2013 setting out why I considered that Lloyds had paid Mr A fair compensation for the mis-sale of the two PPI policies. I also set out why I was minded to order Lloyds to pay Mr A £200 because of errors that had occurred during its handling of Mr A's complaint. I invited both parties to let me have their responses to my provisional decision.

Mr A has told us that he disagrees with my initial findings. Lloyds has responded to my provisional decision and has indicated that it would agree to pay Mr A £200 for the distress and inconvenience he had suffered.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so I have taken into account any relevant regulatory rules, the law and good industry practice.

has Lloyds already paid Mr A compensation for the mis-sale of one of his PPI policies?

It seems to me the crux of the complaint is whether Lloyds did pay Mr A compensation for the mis-sale of one of the policies in April 2010. In order to address this point our adjudicator contacted Lloyds and asked it to provide evidence of this payment.

Lloyds has provided a letter dated April 2010 addressed to Mr A. The letter thanked Mr A for returning a signed acceptance form and detailed a calculation of redress for mis-sold PPI totalling £3,578.35. Lloyds has also provided details of Mr A's account which show the sum of £3,578.35 was credited to his account later in the month.

Having reviewed this evidence I am satisfied that Lloyds did investigate Mr A's complaint in 2010 and has already paid him compensation in respect of the mis-sale of one of the policies. Therefore Lloyds does not need to pay Mr A any further redress in respect of this policy.

did Lloyds pay Mr A £8,000 compensation and then recall this amount?

I have also considered Mr A's complaint that Lloyds originally paid him compensation of £8,000 only to recall the payment later. Mr A has been unable to provide any documentary evidence for the payment of £8,000 into his account. Lloyds has provided us with copies of Mr A's statements from 2008 through to 2010 and I cannot see any payment from Lloyds into Mr A's account that is for a similar amount. Therefore I am not persuaded that Lloyds did pay £8,000 to Mr A's account and then recall the payment.

I do note that as a result of a separate complaint relating to bank charges Lloyds repaid approximately £7,000 to Mr A. I also see that in November 2010 the bank demanded the repayment of Mr A's £8,000 overdraft and in February 2011 closed his account. It is possible that Mr A's recollection of these two complaints has faded over time and he has confused the two separate issues.

In his response to my provisional decision Mr A has said that he remains convinced that Lloyds originally paid him over £8,000 compensation but reduced it. I have reviewed the evidence I have on file including the statements referred to above. Having done so I cannot see any documentary evidence of Lloyds making such a payment and then recalling it.

is Lloyds' offer of £1,200 fair compensation?

Lloyds' has told us that it does not have any detailed records of the second loan account or associated PPI policy so it is unable to exactly calculate compensation. Lloyds has therefore offered compensation on the basis of its average PPI mis-sale compensation figure. Our adjudicator asked Mr A if he was able to provide any details of this loan account but he has not been able to.

In the circumstances it is my view that Lloyds' decision to offer Mr A its average compensation figure is not unreasonable.

Mr A's claim in 2004

Mr A has also said that in 2004 he tried to make a claim on one of the policies but was declined because he was self-employed. Lloyds has provided us with correspondence dating from 2004 that deals with Mr A's claim. I can see from the correspondence that Lloyds did decline Mr A's claim. This was on the basis he was suffering from a medical condition that pre-existed the start date of the PPI policy rather than because he was self-employed.

Usually I would consider whether a policy sold to someone who had a pre-existing medical condition had been mis-sold. However, I have not found it necessary to reach any firm conclusions on how the policy came to be sold to Mr A. I say this because even if I were to find the policy had been mis-sold to Mr A, the fair compensation I would award would be the same as Lloyds has already paid to Mr A.

errors when dealing with Mr A's complaint

I note that Lloyds issued Mr A with a final response letter relating to both PPI policies in September 2012. This was despite it already having paid Mr A compensation for the mis-sale of one of the policies. Lloyds then compounded this error when it told this service in December 2012 that it was willing to pay Mr A redress for the sale of both policies.

It was only when Mr A returned his signed acceptance form and this was passed to Lloyds that it realised its error. I consider this has caused Mr A considerable distress and inconvenience. Because of this I am minded to order Lloyds to pay Mr A the sum of £200.

summary

I have considered Mr A's further submissions made in response to my provisional findings. However, having done so I am not persuaded that Lloyds paid Mr A compensation of £8,000 for the mis-sale of a PPI policy only to subsequently recall the payment.

I am satisfied that Lloyds did pay Mr A redress of £3,578.35 in April 2010 for the mis-sale of one PPI policy and that this represents fair compensation. I am also satisfied that the compensation amount of £1,200 offered by Lloyds for the sale of the other PPI policy is reasonable given the circumstances. I understand this has already been paid to Mr A.

I also find that Lloyds' errors in its handling of this complaint caused Mr A to suffer distress and inconvenience and award him £200 in respect of this.

my final decision

For the reasons set out above I award Mr A £200 for the distress and inconvenience caused by Lloyds' errors when dealing with his complaint.

I do not make any other award against Lloyds TSB Bank Plc.

Steve Thomas
ombudsman