

## **complaint**

This complaint is about a regular premium payment protection insurance (PPI) policy taken out alongside a credit card in 1996. Miss C says Lloyds Bank PLC – trading as TSB - mis-sold her 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 Miss C's case.

Having done this, I've decided the policy wasn't mis-sold because:

- Miss C says she wasn't given an option to take out the policy. Lloyds says the optional nature of the PPI would've been made clear and has provided a copy of Miss C's application form. On the form – under a separate heading – it asks applicants to tick to select to taking out the PPI. On Miss C's form the box has been ticked and she's signed the application form. I've noted Miss C's comments that there wasn't an option to select "no" to taking the policy but if Miss C didn't want the policy she could have left the box blank. So, I think Lloyds made it clear that Miss C didn't have to take out the PPI and that she chose to take it out – although I can understand why she can't remember this.
- Lloyds recommended the PPI to Miss C so it had to check that the PPI was right for her – and based on what I've seen of her circumstances at the time, I think that it was. For example she wasn't affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover.
- It's possible the information Lloyds gave Miss C about the PPI wasn't as clear as it should've been. But it seems like it would have been useful for her if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put her off taking out the cover.
- Which means Lloyds doesn't have to pay back all of the cost of the PPI to Miss C.

But Lloyds will pay back *some* of the cost of the PPI to Miss C 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 Miss C about that. Because Lloyds didn't tell Miss C, 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 Miss C has said – including what she's said about her family being able to help if she wasn't able to make her repayments. I don't doubt Miss C's family would have wanted to help, people's situations can change. So I don't think Miss C could necessarily have relied on her friends and family's help.

## **what the business needs to do**

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

Lloyds should re-work the credit card account and pay back to Miss C the difference between what Miss C owes and what she 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 Miss C 8%\* simple interest if Miss C paid off her credit card at some point.

\*Businesses have to take basic rate tax off this interest. Miss C can claim back the tax if she 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 Miss C.

But Lloyds Bank PLC does have to pay back to Miss C 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 Miss C to accept or reject my decision before 20 March 2018.

Claire Marchant-Williams  
**ombudsman**