

complaint

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

background

In September 2000 Mrs H borrowed £1,000 over 36 months from Lloyds TSB in a branch meeting. At the same time Lloyds sold her PPI. Mrs H paid a single premium for the policy. This was added to Mrs H's main loan and she paid interest on it.

The adjudicator who looked at Mrs H's complaint didn't think it should be upheld. Mrs H disagrees and so her complaint has come to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's 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 H's complaint.

Having done so, I've decided not to uphold Mrs H's complaint. I'll explain why.

Mrs H says she was pressured into buying the PPI and told she wouldn't get the loan without it. I don't know what Lloyds told her about the PPI when its adviser met with Mrs H. But I've looked at the loan agreement Mrs H signed. There are "yes" and "no" boxes for PPI and, on Mrs H's agreement there's an "x" printed in the "yes" box. The PPI is also described as optional, quite prominently, in two places on the loan agreement. Looking at this, and from what I know of Lloyds' branch sales at the time, I think it's likely Lloyds discussed PPI with Mrs H and she decided she wanted it, knowing she had a real choice about it.

I've gone on to see if there are any other reasons why I should uphold Mrs H's complaint. But I don't think there are. Lloyds says it recommended the PPI to her, so it had to make sure it was right for her. From what I've seen of the policy terms and Mrs H's circumstances at the time, I think it was. I say this because:

- Mrs H qualified for the cover.
- I don't think there was anything to stop her claiming the full range of policy benefits, had she needed to. That's because she doesn't seem to have been caught by any of the things the policy wouldn't have covered – like people with known medical conditions or those with unusual employment arrangements.
- Mrs H says she had full sick pay but hasn't told us how long this would've lasted. She's said she no savings or other insurance policies she could've used to make her loan repayments. If she'd made a successful claim, the policy would've covered her loan repayments for all the time she wasn't able to work because she was sick, and for up to twelve months if she lost her job. So it was a benefit I think she'd have seen as being worthwhile.
- The policy looks to have been affordable for Mrs H and I think its cost reasonably exceeded its potential benefit – Mrs H would only have needed to claim for a few months to recover the total cost of the policy.

- The PPI mightn't have been right for Mrs H if she'd planned to pay off the loan early. That's because she wouldn't have got a proportionate refund of her PPI premium taking into account how long the policy had left to run. Although I can see Mrs H did repay the loan early, I haven't seen anything to suggest this was something she was planning on when she took out the loan and PPI, and that Lloyds should've been aware of. So I don't think this made the PPI unsuitable for her.

I do think Lloyds could've given Mrs H clearer information about the cost of the policy. Her loan agreement shows the premium and its monthly cost. But it doesn't show the interest Mrs H would pay on the PPI premium. This interest was just over £46. I don't think the interest increased the total cost of the PPI significantly. So, had Mrs H known about it, I don't think it would've put her off buying the PPI.

There might have been other areas where Lloyds didn't give Mrs H as much clear information as it should've. But for the same reasons I think the policy was right for her, I don't think clearer information would've put her off buying it.

my final decision

For the reasons I've given, I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 16 January 2017.

Jane Gallacher
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