

complaint

This complaint is about a credit card payment protection insurance ('PPI') policy. Mr C says Lloyds Bank PLC (trading at the time 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 C's case.

Lloyds can't tell us the exact date Mr C bought the policy. They've said it was at some point between 1995 when Mr C opened his credit card account and 2000, which is the earliest date when they've got statements showing PPI being charged.

Due to the length of time since the sale, there's no paperwork from the sale now available so I don't know much about how the PPI was sold, or what if anything was discussed about it. This isn't surprising considering the time that's passed. In these situations I've to consider what I think is more likely than not to have happened. In fairness to Mr C, I've looked at this sale as having taken place in a meeting, at the same time as he applied for a credit card in 1995.

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

- Mr C has said he was told that he was less likely to be approved for the card if he didn't take PPI – and feels he was pressured into taking it.

Lloyds have sent us an example of the application form that they say would've been used in 1995, around the time that Mr C first opened his account. This example application form shows that PPI was presented as optional and a tick was required if PPI was wanted.

Although Mr C says he felt pressured into taking PPI, I haven't seen strong enough evidence to support what Mr C has said. And what feels like pressure to one person may not to another.

Having considered everything, on balance, I think it's more likely than not that Lloyds made Mr C aware that he had a choice about PPI and he chose to take it. Given the length of time since the sale, it wouldn't be fair to expect Mr C to recall every detail from the sale.

- I've considered that Lloyds recommended the PPI to Mr C as this places more responsibility on them. This means they had to check that the PPI was right for Mr C – 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 C 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 C.

But Lloyds will pay back *some* of the cost of the PPI to Mr 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 Mrs C about that. Because Lloyds didn't tell Mr 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 Mr C has said – in particular what he's said about being made redundant in 2004. But it seems the PPI ended before 2004, so Mr C wouldn't have been able to claim on the policy anyway.

So these points don't change my decision.

what the business needs to do

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

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

*Businesses have to take basic rate tax off this interest. Mrs C 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 C.

But Lloyds Bank PLC does have to pay back to Mr 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 Mr C to accept or reject my decision before 8 June 2018.

Daniel O'Shea
ombudsman

