

complaint

This complaint is about a credit card payment protection insurance ('PPI') policy taken out in 2006. Mr A says Lloyds Bank PLC (trading as Lloyds 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 A's case.

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

- Mr A says he didn't know that PPI had been added to his account. But I've seen a copy of Mr A's credit card agreement. Although the option for PPI seems to have been pre-typed with an 'X' to indicate that it was wanted, I think this is more likely than not to have come about following a discussion between Mr A and the Lloyds adviser.

I've also noted that there was another option for another product which hasn't been selected and Mr A has signed the form to agree to everything he was taking.

In addition, the PPI premiums would have appeared on Mr A's monthly credit card statements, so if PPI was something he hadn't been aware of, I think he would have questioned this with Lloyds when he received his statements. But the evidence is that Mr A continued to pay for PPI for some time after taking it out.

On balance, I think Lloyds made it clear that Mr A 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, as the sale took place over 10 years ago.

- Lloyds recommended the PPI to Mr A 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.

There's been some inconsistency about Mr A's employment circumstances at the time of sale. Mr A's representative has given us differing accounts of his employment. Our adjudicator requested evidence that would definitively show what Mr A's employment circumstances were, but it hasn't been sent to us. So I've not been able to place the weight that Mr A or his representative may have wanted me to on what he's said about working less than 16 hours per week at the time of sale.

So I think Mr A was eligible for the policy and 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 A 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 A.

But Lloyds will pay back *some* of the cost of the PPI to Mr A 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 A about that. Because Lloyds didn't tell Mr A, 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 A has said, but these points don't change my decision.

what the business needs to do

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

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

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

But Lloyds Bank PLC does have to pay back to Mr A 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 A to accept or reject my decision before 11 June 2018.

Daniel O'Shea
ombudsman