

complaint

Mrs C complains that Lloyds Bank PLC (when it was trading as Lloyds TSB) mis-sold her payment protection insurance (PPI).

background

In 2010 Mrs C applied to Lloyds for a loan. She also took out PPI to protect the loan repayments.

Our adjudicator didn't uphold the complaint. Mrs C disagreed with the adjudicator's opinion. Briefly, Mrs C says PPI wasn't discussed with her and she wasn't aware that it had been added to her account. Mrs C told us she was self-employed so she didn't think that the insurance would've been of any use to her. And she said that she could've relied on her husband to help make the loan repayments if she wasn't working.

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 this case.

I've decided not to uphold Mrs C's complaint. I'll explain why.

I think Lloyds made Mrs C aware that the PPI was optional and that chose to have it.

On the loan agreement Mrs C signed to get her loan there was a separate section at the end for the PPI. Next to where it says "*I wish to purchase Loan Protection Insurance*" there's a tick and Mrs C has also signed in this part of the form. I don't know exactly what was discussed at the time. I've taken carefully into account what Mrs C says about the way she was sold this PPI. But it wouldn't be reasonable to expect her to remember exactly what was said so long ago. This means that what Mrs C says now isn't enough on its own for me to be able to uphold this complaint just based on the way she says she was sold PPI. I have to look at all the available information and decide what I think is most likely.

I find the way that information about the PPI was set out in the loan agreement Mrs C signed presented the policy clearly as separate from and additional to the loan. I think it's likely that Mrs C would've been aware at the time that it was up to her to say if she wanted PPI – she could've left this part of the form unticked and unsigned if she hadn't wanted PPI. Based on all the information I've seen, I find that the PPI was added to her loan account when Mrs C chose to have it and indicated this was what she wanted.

Lloyds says it advised Mrs C to take out the policy and it doesn't look as if it was unsuitable based on what I've seen of Mrs C's situation at the time.

Mrs C was eligible for the policy. Because she was self-employed, I've looked very carefully at the circumstances under which a self-employed person could claim on this particular policy. And having done so I don't think they are onerous – it would've been no more difficult for Mrs C to claim on the policy than it would've been for an employed policy holder.

And it doesn't look as if Mrs C was affected by any of the other main conditions that might've limited the policy's benefits to her. So, even if not everything was mentioned, I don't think that knowing more about things the policy didn't cover would've made any difference to her decision to take the policy out. And PPI provided more dependable cover than relying on someone else to help out in the event of money problems. So I think PPI was suitable for Mrs C.

The loan agreement sets out what the policy would cost Mrs C each month, as well as showing the monthly loan repayment. It also gave her an indication of how much she could pay overall for the PPI if the loan ran for the full term. So I think at the time Mrs C would've been aware she'd be paying for the insurance and how much this would cost each month – even if she's forgotten this now.

It's possible some of the information Lloyds gave Mrs C about the PPI wasn't as clear as it should've been. But she chose to take out the policy when she didn't have to - so she appears to have wanted this type of cover and been happy to pay for it at the time. I've seen nothing to suggest that the policy wasn't affordable for her. Overall, I think it unlikely Mrs C would've made a different decision if better information had been provided. On balance, I think Mrs C would still have taken out the policy.

As this was a monthly premium policy Mrs C was able to cancel this at any time without losing out financially if she changed her mind or she no longer wanted to pay for it. And within a couple of months it looks like she did cancel the PPI and the direct debit instruction she'd set up at her bank to pay for this. So the PPI was running for only a very short time - barely 2 months.

But Lloyds has paid back *some* of the cost of the PPI to Mrs C because:

- Lloyds got 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 Mrs C, that was unfair.
- To put that right, Lloyds has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

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 Mrs C.

But Lloyds Bank PLC does have to pay back to Mrs C any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs C to accept or reject my decision before 19 April 2019.

Susan Webb
ombudsman