

## **complaint**

Mr R says Lloyds Bank PLC (trading as Lloyds TSB) mis-sold him payment protection insurance (PPI).

## **background**

Mr R took out an unsecured personal loan with Lloyds in 2002 during a meeting at a branch. At the same time Lloyds sold him a PPI policy. He paid a separate premium for the PPI. This was added to his main loan and he paid interest on it. The loan and the PPI were set to last for two years.

Mr R says Lloyds didn't make it clear the loan and the PPI were separate products. He also says he didn't know the PPI premium would be added to his loan and he'd pay interest on it.

The adjudicator who looked at Mr R's complaint didn't uphold it. Mr R disagrees and so his 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 here.

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

I can't be sure what was discussed between Mr R and Lloyds during the meeting where the PPI was sold. It's understandable Mr R's recollections aren't detailed, as the sale took place many years ago. But I've looked at the loan agreement Mr R signed. Just above Mr R's signature there are "yes" and "no" boxes for PPI and there's an "x" in the "yes" box. Alongside this, there's also a statement which says "*Premium advanced as part of loan?*", which also has "yes" and "no" boxes next to it. Again, there's an "x" in the "yes" box.

From this, I think it's likely Mr R discussed his insurance needs with an adviser as he was going through his loan application and he agreed to the PPI knowing he didn't have to. And I think it's clear from the loan agreement the PPI premium was being added to Mr R's main loan.

Lloyds says it recommended the PPI to Mr R so it needed to make sure it was right for him. I don't know what steps Lloyds took to do this. But looking at the policy details and what I know of Mr R's circumstances at the time, I think the policy was right for him. I say this because:

- I think Mr R was eligible for the PPI.
- I haven't seen anything to make me think Mr R was caught by some of the main things the policy didn't cover. So he could've claimed the full policy benefit had he needed to.
- Mr R says he'd have got some sick pay and had some savings he could've relied on if he couldn't work. But the PPI would've paid Mr R's loan repayments for up to the length of the loan if he couldn't work because he was sick or had an accident and for

up to 12 months if he lost his job. So I think it gave him a valuable benefit he wouldn't otherwise have had. And I haven't seen anything to make me think he couldn't afford the cover at the time.

- The policy is unlikely to have given Mr R a proportionate refund of his PPI premium if he repaid the loan early and cancelled the PPI. But I can't see anything to suggest this was his plan when he took the loan and PPI out. So I haven't seen anything to make me think the PPI wasn't flexible enough for him.

As well as making sure the PPI was right for Mr R, Lloyds also had to give him information about the key features of the policy that was clear, fair and not misleading. Mr R's loan agreement shows some of the costs relating to the PPI and the loan. But it doesn't show the amount of interest that would be charged on the premium or the total cost of the policy.

But in Mr R's case, I don't think this would've stopped him buying the policy. From what Lloyds says, it seems the amount of interest he'd have paid was just over £47 over the full loan term. I don't think this significantly increased Mr R's borrowing. And I've already said I think it's likely he chose to buy the cover and it was suitable. What this means is I don't think Mr R has lost out because of what Lloyds has done wrong and so there's nothing it needs to do to put things right.

### **my final decision**

For the reasons I've given, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 December 2017.

Jane Gallacher  
**ombudsman**