

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1995. Mr S says Lloyds Bank Plc, trading 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 S's case.

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

- Mr S said he was not aware the PPI was optional and he thought it was a mandatory part of the credit card agreement. But I think TSB made it clear that Mr S didn't have to take out the PPI and he chose to take it out – although I can understand if he can't remember this. I say this because I've seen a copy of his credit card application form where there is a section for PPI. There is also another section for an optional addition called 'credit card sentinel'. On this form I can see that Mr S has ticked the box to agree to the PPI, but has not ticked the box for the other optional product. So I think this shows Mr S made the decision to take out the PPI. Mr S has also signed this agreement to consent to the information included within it. So I think Mr S agreed to take out the PPI, knowing it was something he didn't have to have.
- TSB recommended the PPI to Mr S 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. 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 TSB gave Mr S 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 TSB doesn't have to pay back all of the cost of the PPI to Mr S.

But TSB will pay back *some* of the cost of the PPI to Mr S because:

- When the policy was sold, TSB expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr S about that. Because TSB didn't tell Mr S, that was unfair.
- To put that right, TSB 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 S has said - including what he has said about having sick pay from his employers. However the PPI could've paid out for longer than his sick pay would've lasted him and in addition to this. Mr S has also said he had some savings. But

having this PPI in place meant that his savings were protected for other financial commitments. So I still think the policy was suitable and these points don't change my decision.

what the business needs to do

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

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

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

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

Sienna Mahboobani
ombudsman