

complaint

This is a complaint that Lloyds Bank PLC (trading as TSB) mis-sold payment protection insurance (PPI) to Mr U.

background

This complaint is about a credit card PPI policy taken out, apparently in 1993. It appears that Lloyds sold Mr U the policy at the same time that he applied for the card by filling in an application form.

Our adjudicator didn't recommend that the complaint be upheld. Mr U disagreed with the adjudicator's opinion, so the complaint has been passed to me.

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 considered what Mr U has said, but I've decided the policy wasn't mis-sold. I will explain why.

Mr U says he had no knowledge of the PPI and it wasn't mentioned when he applied for the card. I can see that, on the card application form which he filled in and signed, there is tick in the box saying he wanted PPI. The form says to only tick the box if you want payments protection. So this could mean one of two things. Either he did want it at the time, and ticked the box – but has now forgotten, which wouldn't be surprising given that this was about 26 years ago. Or someone at the bank ticked the box without his knowledge (although the PPI premiums would then have appeared on his credit card statement – though I know not everyone looks at their statements carefully, so he may not have noticed or understood what they were.) If it was someone at the bank, this would of course be wrong – but it wouldn't be fair for me to conclude that this is what happened, unless there was some supporting evidence. So, overall, I think it's more likely Mr U did agree to the PPI, and I can't fairly say it was added without his knowledge or consent.

Lloyds says it recommended the PPI to Mr U, which means it had a higher standard to meet during the sale – it had to check the PPI was suitable for Mr U's personal circumstances. But it doesn't look as if it was unsuitable, based on what I've seen of Mr U's circumstances at the time. The PPI was designed to cover the credit card payments for a period, if Mr U became unemployed or was unable to work due to sickness or disability. The PPI could have helped pay the credit card bill for a period longer than Mr U's employer sick pay. And it would have paid out at the same time as any sick pay or redundancy pay, so leaving Mr U more financially secure for longer. It would have meant Mr U wouldn't need to fall back on other resources so soon. It also looks like the PPI was affordable. So, overall, the PPI was potentially useful. And I can't see any other reason why the recommendation was unsuitable.

It's difficult now to know how well Lloyds explained the PPI – the information on the actual application form wasn't enough, and I don't know what other information was given at the time. So it's possible the information Lloyds gave wasn't as clear and full as it should have been. But I don't think it's likely, in Mr U's circumstances, that full information about costs

and benefits would have affected whether he took the PPI. And it doesn't look like he'd have been affected by any of the significant exclusions in the policy.

Mr U has said he has had other PPI complaints upheld by Lloyds. These were connected to loans and a mortgage he took. I don't know the circumstances of those cases, and I can only look at the circumstances of this particular sale.

Mr U said he was unemployed for a while and wasn't given help from the PPI at the time. I don't know whether he actually made a claim at the time, but it's possible he may be able to make a backdated claim. I have no information to say whether a claim would succeed, but Mr U should consider whether he should talk to Lloyds about a claim.

My overall conclusion is that the PPI wasn't mis-sold in the way Mr U believes it was. This means Lloyds doesn't have to pay back all of the cost of the PPI to Mr U. But Lloyds has paid back *some* of the cost of the PPI to Mr U because:

- Lloyds got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr U about that. Because Lloyds didn't tell Mr U, 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 Mr U.

But Lloyds Bank PLC does have to pay back to Mr U any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, and so I'm not awarding any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr U to accept or reject my decision 6 September 2019.

Timothy Bailey
ombudsman