## complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in 1980. Mrs M says Lloyds Bank PLC mis-sold her 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 Mrs M's case.

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

- Lloyds hasn't been able to give us a copy of Mrs M's signed credit agreement. As the sale was so long ago, I don't think this is surprising. But it does mean I have limited information with which to base my decision on. So with such little information available, I've not seen enough to say its likely Lloyds didn't make clear the policy was optional or that Mrs M didn't agree to take it. So on balance I think its likely Mrs M chose to take the PPI knowing it was optional. But I understand why, given how long ago this policy was sold, Mrs M may no longer remember agreeing to it.

- Lloyds recommended the PPI to Mrs M so it had to check that the PPI was right for her – and based on what I've seen of her circumstances at the time, I think that it was. For example she wasn't affected by any of the exclusions to or limits on the PPI cover and she seems to have had a need for the cover. Mrs M says she was not entitled to sick pay at the time the policy was sold. She says she could've relied on her husband to help make her repayments. But the PPI would've covered her for up to 12 months in the event she was unable to work because of accident or sickness. The policy also would've covered her for up to 12 months if she lost her job. And having the policy meant she wouldn't have to rely on her husband – whose ability to help would depend on his own circumstances at any given time. So I think the policy would've been useful.

- It's possible the information Lloyds gave Mrs M about the PPI wasn't as clear as it should've been. But she chose to take it out - so it looks like she wanted this type of cover. And it seems like it would have been useful for her if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put her off taking out the cover.

- Which means Lloyds doesn't have to pay back all of the cost of the PPI to Mrs M.

But Lloyds will pay back *some* of the cost of the PPI to Mrs M because:

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

**what the business needs to do**

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

Lloyds should re-work the credit card account and pay back to Mrs M the difference between what Mrs M owes and what she 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 Mrs M 8%* simple interest if she paid off her credit card at some point.

*Businesses have to take basic rate tax off this interest. Mrs M can claim back the tax if she 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 Mrs M.

But Lloyds Bank PLC does have to pay back to Mrs M 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 Mrs M to accept or reject my decision before 26 October 2018.

Gemma Farrell
**ombudsman**