

Lloyds Banking Group fined £117m for failing to handle PPI complaints fairly: Examples of customer experiences¹

Each customer's experience of being mis-sold PPI and having their complaint unfairly rejected is different. However, the Authority has identified a number of common unfair consequences for customers who had their complaints unfairly rejected by LBG. These unfair effects can be illustrated by using examples of the LBG customer complaints sampled by the Authority.

Mr A

Mr A took out a personal loan from LBG in 2006. In 2012 Mr A complained to LBG that he had been mis-sold PPI as he was unaware that PPI had been added to his loan. His complaint was rejected by the complaint handler, although was upheld by LBG shortly thereafter following changes to its suitability tests.

The complaint handler justified the initial decision to reject Mr A's complaint on the basis that the sales process used by LBG was robust. This was unfair to Mr A as the complaint handler was not given access to all the relevant information about LBG's PPI sales processes which was required to assess the complaint fairly. Specifically, the complaint handler was not provided with information about any failings in the sales process that were relevant to the customer's complaint.

The letter sent to Mr A setting out LBG's decision to reject the complaint stated that the complaint handler had '*fully investigated*' Mr A's complaint and had given '*appropriate weight and balanced consideration to all available evidence.*' In fact, the complaint handler had relied on the

¹ These examples use the same defined terms as in the Final Notice (see "Definitions").

assumption in the Overriding Principle of a robust sales process to reject Mr A's complaint. This was unfair to Mr A.

Ms B

Ms B had a credit card with LBG which was accompanied by PPI. Ms B complained to LBG in 2012 that she had been mis-sold PPI as she did not give consent to the inclusion of PPI cover with her credit card. The complaint handler tried to call Ms B three times, but was unable to speak to her, and did not have sight of her consumer credit agreement. Therefore the complaint handler did not have any understanding of Ms B's account of the sale other than her initial complaint (made by telephone). Despite this Ms B's complaint was rejected on the basis that *'I have not found any evidence to support her allegation. I also believe that as the sales process was robust that the customer would have had the cover explained to her fully, been informed that it was optional and her consent would have been required in order to sell her the policy'*.

In the letter sent to Ms B rejecting her complaint, it was explained that her complaint had been rejected based on what the sales process would have required at the time Ms B took out the PPI policy. There was no balanced consideration of Ms B's account of what had actually happened at the time of the sale. Ms B's complaint was subsequently upheld by LBG following a review by Group Audit of the cases submitted to the Authority for the Authority's File Review.

Mr C

Mr C complained that he had been mis-sold PPI. An LBG complaint handler called and spoke to Mr C, who asked that he be called back at a specified time the next day. The complaint handler called Mr C three times in the course of the following day, as permitted by LBG's Complaint

Assessment Process, at the times requested, using both Mr C's home and mobile numbers, but was unable to make contact with him. Mr C's complaint was rejected later the same day. LBG records show that this was partly on the basis that the *'allegations are unspecific and offer little information... there is no evidence to suggest that the customer was treated unfair [sic] at [point of sale]'*.

Mr D

Mr D alleged he had been told by two sales staff in branch (whose names he provided) that a loan would not be available if PPI was not taken. Despite the specific nature of Mr D's allegation, there is no record of the complaint handler investigating this allegation. LBG records show that the complaint handler rejected the allegation on the basis that the customer *'would have received'* the terms and conditions of the loan, which gave customers the right to cancel the PPI policy. However, the final decision letter stated that *'I can assure you that I have fully investigated the circumstances relating to the sale of your policy using [...] any further information supplied by you'*. Mr D's complaint was subsequently upheld under a re-review exercise which LBG had separately decided to undertake in relation to the particular customer group which Mr D fell into.