

The complaint

G complained that Lloyds Bank PLC mis-sold a commercial overdraft payment protection insurance (PPI) policy. He has also complained about subsequently not receiving the redress offer.

As the complaint is being made by Mr S on behalf of G, I will mostly be referring to Mr S.

What happened

Lloyds didn't originally uphold Mr S's complaint, so he made a referral to this service in August 2021. In March 2022, an adjudicator looked at the complaint and thought that the policy had been mis-sold as it had not been made clear to Mr S that the PPI was optional. Lloyds accepted this view and said that it would make Mr S an offer.

The adjudicator wrote to Mr S on 11 April 2022 to explain that Lloyds was making an offer in line with our usual approach to mis-sale redress. He said that Lloyds would make direct contact with the details and that he should hear from it within eight weeks. If he hadn't heard from it within eight weeks (so by 6 June 2022) then Mr S should contact Lloyds.

Lloyds wrote to Mr S on 1 June 2022 with its offer letter and stating that the amount of £18,533.75 would be credited to Mr S's account within 28 days. As it turns out, the money was paid on the same day.

Mr S contacted this service again in February 2023 to say that he hadn't received an offer from Lloyds. Another adjudicator looked into it and told him that the offer letter and payment had been sent to him on 1 June 2022. Mr S says he never received the letter. However, he was aware of the payment into his account and says that he found out it was from Lloyds.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

This complaint is about Lloyds and so in this decision I will only be looking at whether Lloyds has acted fairly and reasonably. I know Mr S has expressed some dissatisfaction with how this service has communicated with him but I can't look at that here.

Mr S has asked a number of questions relating to the PPI being mis-sold and how Lloyds originally told him that it couldn't locate an account but later did. As Lloyds has now agreed that it mis-sold the overdraft PPI, it's not necessary for me to comment any further about Lloyds' actions. I know this will be disappointing for Mr S. But this service was set up to provide a quick and informal alternative to the courts. As such, I am confining myself to the main issue at hand, which is whether the PPI was mis-sold. And there is no longer any dispute about that.

Mr S says the redress money was paid into his account without any explanation and so how could he be expected to accept the offer if it was never sent to him.

Mr S says he didn't receive the offer letter but that's not the same as Lloyds not sending it. It was correctly addressed and I've no reason to conclude that it wasn't sent on the date stated. On balance, I'm satisfied that it is more likely than not that the letter was sent on 1 June 2022. I can't hold Lloyds responsible if Mr S didn't receive it.

Mr S has queried that the money was paid into his account on the same day as the offer letter. But I don't think there's anything particularly unusual in the fact that Lloyds was able to make the payment quickly.

Mr S received a large amount of money within the eight week period when he was told to expect an offer. So I consider he would have known (or ought reasonably to have known) that it was probably something to do with his PPI complaint. So, as advised by our adjudicator, he could have contacted Lloyds directly at that time to find out the details. Had he done so, Lloyds would have provided him with a copy of the offer letter. Alternatively, he could have contacted this service to assist him at that time.

The offer letter provides a breakdown of how the payment has been worked out. Mr S hasn't said if he's unhappy with the amount he received. I appreciate he would have liked to have seen the offer first and accepted it, before receiving the payment. However, he hasn't been disadvantaged by receiving it at the point he did. We encourage banks to pay redress promptly for the benefit of consumers. Also, receiving the payment would not have stopped Mr S from querying the amount if he thought it was incorrect.

In summary, the PPI was mis-sold and so that part of the complaint is upheld. But the way in which Lloyds made the redress offer and paid it was reasonable.

My final decision

My decision is that I uphold the mis-sale complaint. As Lloyds Bank PLC has already paid compensation to G, I don't require it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 4 August 2023.

Carole Clark
Ombudsman