

complaint

It's been agreed in this case that Financial Insurance Company Limited ("FICL"), as the insurer, should accept responsibility for the complaint. To keep things simple, I'll refer to FICL as the seller in my decision.

Mrs G says FICL mis-sold her a payment protection insurance (PPI) policy.

background

This complaint is about a PPI policy Mrs G took out in 1997. It was added to her account when she applied for a Dorothy Perkins store card in the shop.

Our adjudicator upheld the complaint. FICL 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 Mrs G's case.

I've decided to uphold Mrs G's complaint and I'll explain why.

FICL haven't been able to demonstrate that they gave Mrs G clear information about the policy at the time of the sale. And I think this would've mattered to Mrs G because she was four months pregnant at the time of taking out the insurance and she was planning to take maternity leave from work following her pregnancy. This means she wouldn't have been "working" during this time as per its definition under the policy – which required her to be working in paid employment for at least 16 hours or more a week in the UK.

Following her maternity leave, when she returned to work she would then have to work continuously for 12 months before being able to make an unemployment claim under the terms of this policy. So I think this would've made a difference to her decision to take out the PPI.

I don't think Mrs G would've bought the policy if FICL had given her enough information about it. So, I think Mrs G has lost out because of what FICL did wrong.

I've taken into account FICL's comments - but I still think I should uphold the complaint.

putting things right

FICL should put Mrs G in the financial position she'd be in now if she hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. FICL should find out how much Mrs G would owe on her store card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

FICL should then refund the difference between what Mrs G owes and what she would have owed.

If Mrs G made a successful claim under the PPI policy, FICL can take off what she got for the claim from the amount it owes her.

B. If – when FICL works out what Mrs G would have owed each month without PPI – Mrs G paid more than enough to clear her balance, FICL should also pay simple interest on the extra Mrs G paid. And it should carry on paying interest until the point when Mrs G would've owed FICL something on her store card. The interest rate should be 8% a year.[†]

C. FICL should tell Mrs G what it's done to work out A and B.

[†] HM Revenue & Customs requires FICL to take off tax from this interest. FICL must give Mrs G a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've explained, I uphold Mrs G's complaint.

Financial Insurance Company Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs G to accept or reject my decision before 12 April 2018.

Sienna Mahboobani
ombudsman