Financial Ombudsman Service

complaint

Mrs A says Financial Insurance Company Limited ('FICL') mis-sold her a payment protection insurance (PPI) policy.

It's been agreed in this case that FICL, as the insurer, should take responsibility for the complaint. To keep things simple, I'll refer to FICL as the seller in my decision.

background

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

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 A's case.

I've decided to uphold Mrs A's complaint because she's told us when she applied for the policy. Mrs A was working less than 16 hours a week. This means she wasn't eligible for the PPI policy and it wasn't of any use to her. And I don't think Mrs A would've bought the PPI policy if FICL had made clear it wasn't right for her.

So, I think Mrs A has lost out because of what FICL did wrong.

putting things right

FICL should put Mrs A in the financial position she'd be in now if she hadn't taken out PPI.

A. FICL should find out how much Mrs A would have owed when she closed her store card account if the policy hadn't been added.

   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 A owed when she closed her account and what she would have owed if she hadn't had PPI.

   If Mrs A 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. FICL should add simple interest on the difference between what Mrs A would have owed when she closed her account from when she closed it until she gets the refund. The interest rate should be 8% a year.†

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

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

† HM Revenue & Customs requires FICL to take off tax from this interest. FICL must give Mrs A 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 A'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'm required to ask Mrs A to accept or reject my decision before 12 April 2018.

Sonia Hussain
ombudsman