

complaint

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

background

This complaint is about a store card PPI policy Mrs R took out in 1998. It was added to her account when she applied 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 R's case.

I've decided to uphold Mrs R's complaint because I don't think FICL gave Mrs R clear enough information about the policy.

Mrs R says she was working part-time when the policy was sold. And her application form completed at the time of sale, confirms this. She's since told us that she was only working 7.5 hours a week. This meant that she wouldn't have qualified for the main benefits of the PPI policy and so it wouldn't have been useful to her.

So I don't think Mrs R would've bought the policy if she'd been given better information. And, I think Mrs R has lost out because of what FICL did wrong.

putting things right

FICL should put Mrs R 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 R 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 R owes and what she would have owed.

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

C. FICL should tell Mrs R 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 R 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 R'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 R to accept or reject my decision before 3 May 2018.

Simon Hollingshead
ombudsman