

complaint

Miss C says Canada Square Operations Limited mis-sold her a payment protection insurance ("PPI") policy.

background

This complaint is about a credit card PPI policy taken out in 2003. The policy was added to Miss C's Egg credit card account when she applied for the card online.

Our adjudicator upheld the complaint. Egg 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 is 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 Miss C's case.

I've decided to uphold Miss C's complaint because she was self-employed when she took out the policy. I think the wording on the policy makes it more difficult for self-employed workers to claim unemployment. So I think this means that it's unlikely Miss C could've used one of the main benefits from the policy. And I haven't seen anything to show that Egg gave Miss C clear enough information about this when she took out the policy. I don't think she would've bought the policy if she'd had more information about it. So, I think Miss C has lost out because of what Egg did wrong.

I've taken into account Egg's comments, including what it said about Miss C saying she was employed on the application. But I still think I should uphold the complaint. Miss C also said on the application that the employer was her own company. So I'm satisfied that she was self-employed when she took out the policy.

what the business should do to put things right

Egg should put Miss C in the financial position she'd be in now if she hadn't taken out PPI. I understand that the account has been closed. So:

- A. Egg should find out how much Miss C would've owed when she closed her credit 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.

Egg should then refund the difference between what Miss C owed when she closed her account and what she would've owed if she hadn't had PPI.

If Miss C made a successful claim under the PPI policy, Egg can take off what she got for the claim from the amount it owes her.

- B. Egg should add simple interest on the difference between what Miss C would've 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 Egg works out what Miss C would've owed each month without PPI – Miss C paid more than enough to clear her balance, Egg should also pay simple interest on the extra Miss C paid. And it should carry on paying interest until the point when Miss C would've owed Egg something on her credit card. The interest rate should be 8% a year.[†]
- D. Egg should tell Miss C what it's done to work out A, B and C.

[†] HM Revenue & Customs requires Egg to take off tax from this interest. Egg must give Miss C 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 Miss C's complaint.

Canada Square Operations Limited should pay Miss C compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss C to accept or reject my decision before 20 April 2015.

Guy Mitchell
ombudsman