

complaint

Mr O says Canada Square Operations Limited (Trading at the time of sale as “Egg”) mis-sold him a payment protection insurance (“PPI”) policy.

background

This complaint is about a credit card PPI policy taken out in November 2003. The policy was added to Mr O’s credit card account when he applied for the card by completing an application 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’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 Mr O’s case.

I’ve decided to uphold Mr O’s complaint because I don’t think Egg gave him clear enough information about the policy. I say this because Mr O has said he was self-employed at the time of sale. And the policy contained conditions that made it more difficult for self-employed people to claim the unemployment benefit.

Egg has said Mr O was given these significant terms in a clear way and it was up to him to read them before proceeding with his application. But I’ve seen nothing to suggest that Mr O had to read this information before he could buy the policy. And even then the information on employment status and the ability to make a claim was spread across a number of different places within the application process. So I don’t think that the limitations on the self-employed being able to make an unemployment claim were properly drawn to Mr O’s attention when he bought the policy.

What I need to think about is whether Mr O would’ve bought the policy if he’d been given proper information. Egg says Mr O was not self employed and thinks he was employed at the time of sale. So I have checked this. I have seen information provided by Mr O that shows that he was self employed when he was sold the insurance.

I think Mr O’s employment status would’ve played an important role in the decision on whether to purchase a policy including unemployment cover. Considering everything, I don’t think Mr O would’ve bought the policy if he knew he’d be paying for unemployment cover that he would be unlikely to make a claim on.

So, I think Mr O has lost out because of Egg’s shortcomings on this occasion.

fair compensation

Canada Square should put Mr O in the financial position he’d be in now if he hadn’t taken out PPI. The policy should be cancelled if it hasn’t been cancelled already and:

- A. Canada Square should find out how much Mr O would owe on his credit 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.

Canada Square should then refund the difference between what Mr O owes and what he would have owed.

If Mr O made a successful claim under the PPI policy, Canada Square can take off what he got for the claim from the amount it owes him.

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

- C. Canada Square should tell Mr O what it's done to work out A and B.

[†] HM Revenue & Customs requires Canada Square to take off tax from this interest. Canada Square must give Mr O a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons set out above, I uphold Mr O's complaint.

I require Canada Square Operations Limited to pay Mr O compensation in accordance with the calculation of redress set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr O to accept or reject my decision before 6 August 2015.

Mark Richardson
ombudsman