

complaint

Mrs R complains that she was mis-sold a regular monthly premium payment protection insurance (PPI) policy.

J D Williams & Company Ltd (J D Williams) sold Mrs R the PPI policy, but Allianz Insurance Plc (Allianz) as the insurer has accepted responsibility for this sale and by extension this complaint. So the complaint has been set up against Allianz.

background

Mrs R was sold a PPI policy alongside a catalogue account with J D Williams in 1988. I understand that she opened the catalogue account by post and was sold the PPI when she was telephoned by J D Williams.

Allianz told us *“monthly cost of payment protection insurance every £100 outstanding covered is £2 for Personal Account Protection”*. And it would've paid a monthly benefit of up to £500 per monthly benefit period.

Our adjudicator upheld Mrs R's complaint because he thought Allianz hadn't set out the costs and benefit of the policy clearly. Had it done so, he thought Mrs R wouldn't have taken the policy as it wouldn't have been good value for money for Mrs R in her situation.

Allianz disagreed and the complaint has come to me to decide.

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. And I've decided to uphold Mrs R's complaint.

Allianz should've given Mrs R information in a clear, fair and non-misleading way so that she could make a proper choice about whether or not she wanted to take the policy. But from the information I've been given, I haven't seen enough evidence to make me think that the costs and benefit of the policy were presented to Mrs R as they should've been.

Having considered the costs and benefits of the policy, I don't think Mrs R would've agreed to take it if she'd been provided with all of the information as she should've been. I say this because the policy was comparatively expensive and the benefit was relatively low.

Mrs R told us she would've been entitled to six months' full pay followed by six months' half pay if she was off work sick and she also told us she had a good level of savings that she could've used if she wasn't working. So I don't think she would've thought the policy was good value for money for her in her circumstances if she'd really understood the cost of the policy.

It follows that I uphold Mrs R's complaint.

fair compensation

I can't tell whether or not the credit agreement is still running. So I've set out the compensation for both scenarios below.

If the account is still open:

Allianz 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. Allianz should find out how much Mrs R would owe on her account 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.

Allianz should then refund the difference between what Mrs R owes and what she would've owed.

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

- B. If – when Allianz works out what Mrs R would have owed each month without PPI – Mrs R paid more than enough to clear her balance, Allianz 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 Allianz something on her account. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- C. Allianz should tell Mrs R what it's done to work out A and B.

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

Or if the account is closed:

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

- A. Allianz should find out how much Mrs R would've owed when she closed her 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.

Allianz should then refund the difference between what Mrs R owed when she closed her account and what she would've owed if she hadn't had PPI.

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

- B. Allianz should add simple interest on the difference between what Mrs R would have owed when she closed her account from when she closed it until she gets the refund. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- C. If – when Allianz works out what Mrs R would've owed each month without PPI – Mrs R paid more than enough to clear her balance, Allianz 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 Allianz something on her account. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- D. Allianz should tell Mrs R what it's done to work out A, B and C.

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

my final decision

My final decision is that I uphold Mrs R's complaint against Allianz Insurance Plc and require it to pay Mrs R the fair compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 20 January 2017.

Andrew Macnamara
ombudsman