

## **complaint**

Mrs P complains that she was mis-sold a payment protection insurance, ("PPI"), policy.

It's been agreed that Financial Insurance Company Limited, ("FICL"), should accept responsibility for the sale. For simplicity I've referred to FICL throughout my decision.

## **background**

The background to this complaint and my provisional findings are set out in my provisional decision of 17 October 2018, a copy of which is attached to this final decision.

FICL didn't respond to my provisional decision and Mrs P told us that she had nothing more to add.

## **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 explained how we handle complaints about the sale of PPI on our website. I've used this approach in Mrs P's case.

As neither party has sent us any comments or further information about Mrs P's complaint I see no reason to change my provisional decision.

## **my final decision**

For the reasons I've given above and in my provisional decision I uphold this complaint. I order Financial Insurance Company Limited to pay Mrs P compensation as set out in the calculation for fair compensation in my provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 6 January 2019.

Ros Barnett  
**ombudsman**

## **complaint**

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## **Background**

Mrs P took out the PPI at the same time as she took out a store card in 2000. The sale took place in the store. In addition to PPI, the policy offered other benefits, but this decision only deals with the PPI element.

Our adjudicator didn't recommend that the complaint should be upheld. As Mrs P disagreed the matter has been passed to me to decide.

## **my provisional 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 followed this in making my decision.

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

By reference to policies that were in use at the time of the PPI sale I think that, following a successful claim, the policy would have paid 15% of her store card balance for each month that she was off work because of accident, sickness or unemployment. These payments would have been made until the balance had been cleared or until she had returned to work, if earlier.

I've seen a copy of Mrs P's store card application form. In the section that briefly describes the PPI it explains that the cost is one penny in the pound of the card balance. It also says, amongst other things, that more information on the benefits will be given with the consumer's copy of the agreement. There is nothing else on the agreement that explains how much the policy would pay out. I think that this would have mattered to Mrs P. I say this because she has told us that she was entitled to sick pay equivalent to nine months' salary. She has also said that in addition she had savings or other insurance equal to at least six months' salary. This means she could have met her store card repayments for a reasonable time without the policy. I don't think Mrs P would have bought the policy if she'd known the level of benefit that it paid out.

The fact that Mrs P may have seen the detail of the benefits when she received her part of the credit agreement doesn't change my conclusion because she would by then have already agreed to take the policy.

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

### **fair compensation**

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

A. FICL should find out how much Mrs P 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 P owed when she closed her account and what she would have owed if she hadn't had PPI.

B. FICL should add simple interest on the difference between what Mrs P 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 P would have owed each month without PPI – Mrs P paid more than enough to clear her balance, FICL should also pay simple interest on the extra Mrs P paid. And it should carry on paying interest until the point when Mrs P would have owed FICL something on her store card. The interest rate should be 8% a year.†

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

If Mrs P has already received compensation in respect of any commission that was paid on the sale of the policy, FICL can take off what she got for that from the amount it owes her.

† If FICL considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs P how much it's taken off. It should also give Mrs P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **my provisional decision**

For the reason I've given, subject to any further comments or evidence I receive, as above, my provisional decision is that I uphold this complaint. And, subject as before, I will order Financial Insurance Company Limited to pay Mrs P compensation as calculated above.

Ros Barnett  
**ombudsman**