

## **The complaint**

Mr G complains that Canada Square Operations Limited mis-sold him a payment protection insurance ("PPI") policy.

## **What happened**

This complaint is about a credit card PPI policy taken out in 2004. The policy was added to Mr G's credit card account when he applied for the card online. The PPI covered Mr G if he couldn't work because of an accident, sickness or unemployment.

Our adjudicator recommended that the complaint should be upheld, concluding that Canada Square hadn't done enough to explain the costs and benefits of the policy. And that, if it had done, Mr G wouldn't have taken the policy.

Canada Square didn't agree. It said, in summary, that Mr G hadn't provided proof of the savings he held at the point of sale and that he'd been inconsistent about the amount of savings he held.

## **What I've decided – and why**

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 G's case.

I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I've decided to uphold Mr G's complaint and I'll explain why.

Canada Square didn't recommend the policy to Mr G, so it didn't have to make sure it was suitable for him. But it did have to provide him with information which was clear, fair and not misleading so that he could make an informed choice about the insurance he was buying.

The PPI was sold online. Canada Square has provided me with sample screenshots setting out the steps Mr G would have undertaken during the application process. Looking at the information he would have seen, it looks as though the basic cost of the cover would have been set out. But I can't see that he would have been told that he would have had to pay interest on his premiums if he didn't repay his balance in full or that he would have had to keep paying the premiums in the event of a claim. These matters are important as they mean the PPI could have been more expensive than originally presented.

So the question for me now is whether Mr G would have acted differently if Canada Square had told him everything it should have done about the cover. To help me decide

what he's likely to have done, I've looked at what we know about the terms and conditions of the PPI. And I've also looked at what Mr G told us about his personal circumstances at the time.

I can see that if Mr G had had to make a claim on the PPI policy, because he'd become unwell or lost his job, 10% of his credit card balance would have been repaid.

Mr G told us that he would have received six months full sick pay and six months half sick pay and that, combined with his savings, he would have been able to continue to meet his credit card repayments if he couldn't work due to sickness or an accident. I've considered this very carefully, particularly as Mr G hasn't been able to provide evidence of his savings and also because he's provided some conflicting testimony.

He's been able to provide some limited evidence of the savings he had in or around 2004. And he has a clear recollection that he had three building society accounts and a regular savings habit. I don't doubt what he says about this. And this persuades me that he had savings equivalent of between six to 12 months' worth of his salary.

I've taken into account that Mr G told the bank he only had between three and six months' worth of savings. But he wasn't sure about the date of the sale when he said this. And, in any event, I don't find it surprising that he doesn't have a clear memory of exactly what savings he had more than 15 years ago.

So overall, and on balance, I accept it's more likely than not that Mr G didn't need the PPI because of his existing arrangements. Taking this into account, I don't think he would have bought the PPI if Canada Square had told him everything it should have done about the cost of the cover.

### **Putting things right**

Canada Square should put Mr G in the financial position he'd be in now if he hadn't taken out PPI.

- A. Canada Square should find out how much Mr G would have owed when he closed his 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.

Canada Square should then refund the difference between what Mr G owed when he closed his account and what he would have owed if he hadn't had PPI.

If Mr G 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. Canada Square should add simple interest on the difference between what Mr G would have owed when he closed his account from when he closed it until he gets the refund. The interest rate should be 8% a year.†
- C. If – when Canada Square works out what Mr G would have owed each month without PPI – Mr G paid more than enough to clear his balance, Canada Square should also pay simple interest on the extra Mr G paid. And it should carry on paying interest until the point when Mr G would've owed Canada Square

something on his credit card. The interest rate should be 8% a year.†

D. Canada Square should tell Mr G what it's done to work out A, B and C.

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

### **My final decision**

My final decision is that I uphold this complaint. Canada Square Operations Limited should pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 April 2020.

Elizabeth Dawes

**Ombudsman**