

## **The complaint**

Mrs A has complained about a payment protection insurance ('PPI') policy sold to her by HFC Bank Limited ('HFC') in 2002. She's not happy with the number of PPI premiums used in the redress calculation and the resulting amount of redress it offered.

## **What happened**

In 2002 Mrs A took a regular premium loan for £8,400 (plus interest) to be repaid over 60 monthly instalments and took PPI at the same time. Mrs A thought she had been mis-sold the PPI and complained to HFC. HFC agreed with her and the complaint was upheld. It made an offer in April 2021 of £477.39.

Mrs A wasn't happy with the amount offered. She thought she had paid much more in PPI premiums.

Our adjudicator who considered the complaint didn't uphold it. They thought that based on the evidence HFC had been able to provide, the offer was fair.

Mrs A disagreed with the adjudicator, so the complaint remains unresolved and has been passed to me for a decision.

## **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.

As the complaint has already been upheld by HFC, who has agreed to pay redress, I will not be considering the merits of the PPI sale. But I will be looking at the compensation that has been offered, and whether I think it is fair.

When a business agrees to settle a complaint, we expect it to, as far as possible, to put the customer back in the position they would have been in had they not taken out the PPI policy. I'd expect it to refund the premiums paid for PPI, any interest paid on the premiums and any further charges caused by the PPI as well as interest for the time the customer has been out of pocket.

Because of the time since the loan was taken and the PPI sold, HFC has limited information. HFC no longer has details about the loan on its systems. But I don't find this surprising as businesses are not obliged to keep records indefinitely. However, HFC has been able to show us a screenshot of its archived PPI data.

That data shows a monthly PPI premium and interest cost of £31.04 per month. It also shows that a total of seven monthly premiums were paid totalling £217.28. This was for the period June 2002 to December 2002. Along with its offer to refund the premiums, HFC has added £260.11 (net of tax) – being statutory 8% interest on that sum for the time Mrs A was out of pocket.

I know Mrs A disagrees with this. She thinks she made many more payments and she doesn't recall the loan being repaid early. And we can't know for sure why only seven payments were made – whether the loan was repaid early, or the PPI policy cancelled. But other than what Mrs A has said, she hasn't been able to give me anything further to consider. So, in the absence of this and taking into consideration the evidence that *is* available to me, I think that what HFC has offered is fair.

So overall, I think the offer HFC has made is fair and reasonable.

### **My final decision**

For the reasons given above, my final decision is that the offer made by HFC Bank Limited is fair and reasonable in the circumstances of Mrs A's complaint. It is now for Mrs A to decide whether to accept the offer made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 8 March 2022.

Catherine Langley  
**Ombudsman**