

The complaint

Mrs B complains that AXA France IARD did not fairly compensate her after it mis-sold payment protection insurance ('PPI') alongside a store card.

I know that Mrs B's store card was linked to a department store. AXA was the insurer at the point of sale, and it has accepted responsibility for answering the complaint. To keep things simple, I'll refer to AXA for the rest of this decision.

What happened

Mrs B took her store card out in the department store in 1992. PPI was later sold to her by telephone on 4 September 1997.

It looks as though Mrs B initially complained to AXA about the sale of PPI in 2015. I can see a letter was sent to her on 16 December 2015 in which AXA said it did not think the complaint should be upheld.

Mrs B brought her complaint to this service in 2019. In her complaint form, she said she was worried her PPI policy was continuing and she was unaware of the financial cost of the PPI policy. She said she wanted AXA to admit she should not have been given the cover and to refund what she had paid.

AXA initially didn't agree that we could consider the complaint because it said it had been made too late. Mrs B told us about some difficult personal circumstances, and some difficult circumstances with her employment. Our adjudicator then decided that the matter was in our jurisdiction and that PPI had been mis-sold. She thought AXA should return Mrs B to the financial position she would have been in if she hadn't taken the PPI policy out.

AXA agreed with our adjudicator that the complaint should be upheld. On 14 October 2021, it wrote to Mrs B to offer her compensation of £254 by cheque. Mrs B didn't accept the offer. She said she had been trying to cancel the PPI policy and was worried she was still paying for the cover. She didn't think AXA had taken account of all the payments she had made towards the PPI policy since 1997. She did not think that what she considered to be a small amount of compensation was appropriate for her paying towards the PPI policy for 20 years.

The matter was passed to another of our adjudicators to look at whether the compensation was fair. He thought AXA's offer in respect of the PPI premiums did not accurately reflect the premiums Mrs B had paid. It had based its offer on Mrs B having paid £154.25 for PPI when she had actually paid £166.66. He thought that AXA should pay Mrs B an additional £50 for the inconvenience she was put to.

AXA did not respond to what our adjudicator said. Mrs B didn't agree with our adjudicator's view. She did not accept the amount our adjudicator said she had paid for PPI, and she wanted to see AXA's records throughout the relevant period to show how much she had paid in premiums. She felt the £50 compensation payment our adjudicator had suggested was an '*insult*'. She said she was '*offended that with all of this coming and going that such a miserly compensation cost*' was being considered.

More recently, Mrs B also sent us several store card statements for my consideration. I can see Mrs B must have gone to some effort to obtain that information and I am grateful to her for doing so. Upon sending that additional information, Mrs B said she was not happy with

AXA because she believed it had minimised the amount she spent on PPI towards the end of her policy when it would have been more expensive.

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 parties agree PPI was mis-sold, I don't need to consider what happened at the point of sale. My role is to determine whether AXA fairly compensated Mrs B for that mis-sale.

I have considered the matters raised by Mrs B at some length. Having done so, I have upheld the complaint to the same extent as our adjudicator. I'll explain why below.

How much did Mrs B pay in PPI premiums?

I know that Mrs B feels strongly that AXA minimised what she paid in premiums towards the end of her policy when it was more expensive. I want to reassure Mrs B that having considered this matter at some considerable length, I am satisfied AXA did not minimise how much she spent on PPI. For the reasons set out below, I am satisfied that Mrs B spent £166.66 on PPI in total over the years she had the policy.

AXA could not provide us with a breakdown of the PPI premiums Mrs B had paid over the entirety of her policy. But it said it did know that she had paid £166.66 for the account in total. I have seen a screenshot from AXA's electronic systems in that regard.

Mrs B said she wanted to see all the relevant transactions from 1997. And I agree with her that such information would have been helpful. However, the only statement data AXA has been able to provide is from 30 July 2005 to 1 August 2014. I have also considered the statements Mrs B sent us. The statements are incomplete but cover some of the period between 2008 and 2020.

I must stress that it is not unusual for businesses to have incomplete data. They are not required to keep records indefinitely. I wouldn't expect either party to have complete records from when this policy was sold in 1997. I also note that the store card was transferred to another business in 2013.

In the absence of complete data, I have looked at whether the figure of £166.66 provided to us by AXA is accurate.

I have considered the statement data we do have in some detail. During that nine-year period for which we have full data, I can see that Mrs B paid less than £58 in total for PPI premiums over that period. I am satisfied this data is accurate. I say this because there is some overlap between the data provided by AXA and the statements provided by Mrs B. Where the data overlaps, Mrs B's statements match exactly the information provided to us by AXA.

Mrs B is correct when she says the cost of the PPI varied, and the cost of the cover depended on the outstanding balance on her store card in a particular month. Having considered the complete statement data from AXA between 30 July 2005 and 1 August 2014, the cost of the PPI was consistently less than £1, with the lowest premium paid being 18p. There were several months when Mrs B did not use the account at all and the outstanding balance on her account appears to have been £0. During that time, she would not have been charged for PPI at all.

Mrs B told our adjudicator that her statements showed she had been charged as much as £4 per month for PPI. From the information available to me, I can see Mrs B was occasionally charged £3 to £4 for a PPI premium. And from the information she provided, she was actually charged £6.48 in December 2016. But for the majority of the time, such relatively high monthly payments were the exception, rather than the norm.

I can see from the final response letter that in 2015, AXA said Mrs B had paid £110 in PPI premiums altogether up to that point. From the data we have, if Mrs B paid less than £58 over nine years, I think the figure of £110 from 1997 to 2015 appears to be likely accurate. And so it follows that I think it's likely that the further £56 was paid from 2014 to 2020 when the policy was cancelled. Indeed from the statement data provided by Mrs B, it looks as though she paid around £50 after August 2014.

Putting all of this together, I think it is fair for AXA's starting point in calculating compensation to be that Mrs B paid £166.66 in total for PPI. I am satisfied that the information it has about how much she paid for PPI in total over the years is accurate.

Did AXA take the appropriate steps in calculating compensation?

As our adjudicator said, when determining fair compensation, I would expect AXA to return Mrs B to the position she would have been in if she hadn't taken out the PPI policy. In a case like this, I would expect AXA to calculate and refund to Mrs B everything she paid for the PPI policy. That means it would need to refund the premiums and any interest Mrs B paid because of those premiums. It would also need to pay 8% simple interest on those premiums to compensate Mrs B for not having the use of those funds.

I can see that AXA did undertake those steps, but as our adjudicator said, it appears to have used an erroneous figure of £154.25 as Mrs B's overall PPI payments. Our adjudicator was right when he said that AXA's starting point should have been that Mrs B paid £166.66 in total for PPI.

That being so, AXA will need to undertake its calculation again following the steps I have identified above. It will also need to recalculate 8% simple interest up until the date Mrs B gets that money back.

Compensation of £50

Our adjudicator said that he thought AXA should pay Mrs B a further £50 for the inconvenience she was put to when it didn't cancel her PPI policy. Mrs B did not agree this compensation was fair.

It is regrettable that AXA did not respond to our adjudicator's view in this regard.

Mrs B described the £50 suggested by our adjudicator as '*miserly*'. I do not agree. I must stress that in deciding whether to make an additional award, the role of this service is not punitive. We must be satisfied that the financial business did something wrong or acted unfairly, and that the mistake identified caused Mrs B distress and/or inconvenience.

Mrs B says she was inconvenienced by having to make repeated calls to AXA. It is not entirely clear to me how often or how regularly Mrs B got in touch with AXA in this regard. I have seen a letter it sent to one of her family members dated 2018 in which it said it was not able to locate an account, and further information was requested. Mrs B says she cannot provide further evidence of her communication with AXA because such communications were mainly undertaken by telephone. In any event, Mrs B has not given an indication as to how often she contacted AXA or what was said during those calls or by whom.

Overall, and based on the evidence we have, I am satisfied the additional amount suggested by our adjudicator was fair. I don't direct AXA to pay anything more than the £50 suggested by our adjudicator.

Putting things right

To put things right, AXA must:

- recalculate its offer to Mrs B with the starting point that she paid £166.66 in total for PPI over the lifetime of her policy;
- refund the amount set out above to Mrs B. If part payment has already been made,

AXA may deduct that part payment from the amount it now owes;

- pay £50 to Mrs B for the additional inconvenience identified by our adjudicator.

My final decision

I uphold the complaint to the above extent and require AXA France IARD to put things right as I have indicated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 April 2022.

Nicola Bowes
Ombudsman