

## The complaint

Mr G complains that AXA France IARD did not fairly compensate him for mis-selling payment protection insurance ('PPI').

## What happened

Mr G complained to AXA that it had mis-sold PPI to him. AXA upheld the complaint and offered to compensate him for that mis-sale. It offered to refund all of the premiums he'd paid and all of the additional interest he incurred as a result of those premiums. Altogether, AXA offered to refund £347.43 to Mr G.

In the final response letter, AXA said that it had not paid 8% simple interest to Mr G. It said such a payment would have only been paid if Mr G's account would have been in credit without the PPI. AXA didn't think those circumstances applied to Mr G.

Mr G disputed what AXA said about this. AXA then told him that his account had been '*written off*' in September 2005, which is why it had not paid 8% simple interest.

Mr G didn't agree with what AXA said about 8% simple interest and so he complained to this service. He said the account had been fully repaid in 2007 after the lender obtained a County Court Judgment ('CCJ'). He thought his account would have been in credit for some considerable time. Mr G provided us with a letter dated 28 December 2007 from the lender's solicitors stating that the debt had been fully discharged and that Mr G should stop making payments.

Our adjudicator considered the matter. I can see he contacted AXA on a number of occasions to ascertain why 8% simple interest had not been paid. He did not get a substantive response. Accordingly, he issued his view to AXA in which he said it should recalculate Mr G's compensation. Our adjudicator said AXA needed to pay 8% interest from when the account was repaid in full in 2007. And he said AXA should pay 8% simple interest for any periods for which Mr G's account would have been in credit but for the PPI policy.

AXA responded to our adjudicator's view to say that its position on the calculation of compensation had not changed. The matter was then passed to me to make a final 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.

The parties are already in agreement that PPI was mis-sold to Mr G. In my decision, I am not looking at how the PPI came to be sold. My role is to consider whether Mr G was fairly compensated by AXA for that mis-sale.

Having done so, I have upheld the complaint to the same extent as set out by our adjudicator.

When calculating compensation for mis-sold PPI, I would expect AXA to work out what Mr G paid for the PPI in premiums. As those premiums were added to the balance of Mr G's account, AXA would also need to calculate how much interest he paid on those premiums. It then needs to work out 8% compensatory interest on those amounts to compensate Mr G for the time he has been out of pocket because of the PPI costs.

I consider that Mr G would have been out of pocket from when he'd paid enough to clear his store card balance until the point he owed something again on his store card. I can see that Mr G has rather unusually retained a significant number of his store card statements and provided this documentation to AXA. AXA will need to consider the information Mr G has provided to ascertain when his account would have been in credit but for PPI while it was still active.

AXA says Mr G's account was written off in 2005, so it didn't have to pay 8% simple interest. It may well be the case that the account was 'written off' at that time – but the debt still existed, and it appears that the lenders solicitors took legal action against Mr G to recover those funds and obtained a CCJ.

I accept the letter from the solicitors dated 28 December 2007 applies to Mr G's store card account. It bears the same account number as the store card statements. I am satisfied Mr G repaid the account in full. It follows that I'm satisfied he paid for all of the PPI premiums.

I appreciate Mr G told us that the CCJ was satisfied in 2006 or early 2007. I accept that what he told us is what he honestly remembers. But I don't have any evidence to show when it was repaid save for the letter from the solicitors, dated 28 December 2007. On that basis, I think it is fair to treat the account as fully repaid from the date of the solicitors' letter of 28 December 2007.

It follows then that Mr G has been out of pocket because of the PPI charges from that date. AXA will need to take action to put things right as I've set out below.

### **Putting things right**

To put things right for Mr G, AXA must undertake the following steps:

- a) Unless it has evidence that Mr G's account was repaid in full *before* 28 December 2007, AXA is to treat Mr G's store card account as fully repaid and closed on 28 December 2007;
- b) AXA must work out how much Mr G would have owed when the account was closed if the PPI policy hadn't been added to it. Accordingly, it must remove from the account all of the PPI premiums, as well as any interest charged on those premiums. It must also remove any charges that were caused by the mis-sale of the PPI, as well as any interest added to those charges. AXA must have regard to the statements provided by Mr G when it undertakes this activity;
- c) AXA must refund the difference between what Mr G owed when the account was closed on 28 December 2007 and what he would have owed if he hadn't had PPI.
- d) AXA must then add simple interest to the amount set out at paragraphs (b) and (c) from 28 December 2007 until the date that settlement is paid to him. The rate of interest is 8% a year;
- e) If when AXA works out what Mr G paid each month without PPI, he would have paid more than enough to clear his store card balance, AXA must pay simple interest on the extra Mr G paid in that regard. It must carry on paying this compensatory interest until the point when Mr G would have owed the lender something on the account. The rate of interest is 8% a year.

HMRC requires AXA to deduct 20% tax from the 8% interest. AXA must give Mr G a certificate indicating how much tax it has taken off if Mr G requests this

### **My final decision**

I uphold this complaint. I require AXA France IARD to put things right as I have 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 2 May 2022.

Nicola Bowes  
**Ombudsman**