

The complaint

Miss L is unhappy with the amount of compensation AXA France IARD (“AXA”) paid to settle her complaint about a mis-sold payment protection insurance (“PPI”) policy taken out alongside her store card.

What happened

Miss L took out a PPI policy with a store card in December 2003. Miss L complained about the mis-sale of the policy, and brought her complaint about that to this service. AXA was the underwriter of the policy, and had responsibility for answering the complaint; it upheld the complaint, and paid compensation to Miss L in December 2017.

The credit provider for the store card changed in 2014. Miss L contacted that provider in mid-2017 to cancel the PPI, but it seems that that request was not actioned at the time, so the PPI remained in force. A separate complaint was made to that provider in 2019, and it has now refunded all PPI premiums paid since 1 July 2017, with interest. In the course of that complaint, Miss L received statements that she had not previously had, and she then told us that she did not believe that the compensation paid by AXA in 2017 had included the PPI premiums paid after the change of credit provider in 2014, so she asked us to look into it.

Our adjudicator found that, based on the information provided by AXA, he could not verify that the compensation paid by AXA had been correctly calculated. So he upheld Miss L’s complaint about the compensation.

AXA didn’t respond to the substance of the complaint and so the case has been passed to me for 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.

As AXA upheld Miss L’s complaint that the PPI was mis-sold, I am not looking at the sale of the PPI in this decision. I am only considering if AXA paid fair compensation.

When a PPI policy attached to a store card has been mis-sold, the business needs, as far as possible, to put the consumer in the position they would have been in had they not taken out the policy. To do this, all premiums charged for the PPI must be repaid, plus any interest or charges caused by the PPI being added to the card account. The business must also pay compensatory interest at a simple rate of 8% for any period a consumer is out of pocket. For store cards, this is when the account would have been expected to be in credit had the PPI premiums not been wrongly charged to it. And unless the consumer disagrees, the PPI is usually cancelled as part of the complaint process.

In this case, we asked AXA for copies of the calculation of compensation and letter to Miss L from 2017. Although the credit provider had changed in 2014, I consider that AXA ought

reasonably to have known about this and requested details of the premiums paid until the date of settlement of the complaint.

However, although AXA sent in copies of computer records of the account, it did not provide any details of the compensation calculation. The computer records included a list of transactions on Miss L's account, but this only went up to August 2014. And AXA said the last premium was charged in 2014 – which is clearly not the case as PPI continued on the account for some years after that. I also note that the only attempt at cancellation of the PPI seems to have been made by Miss L, rather than it being dealt with as part of the complaint process.

Taking all this into account, I don't have enough evidence to say that I'm satisfied AXA correctly calculated the compensation due to Miss L in 2017. So I've decided to uphold Miss L's complaint, and AXA should either provide evidence to demonstrate that it *did* correctly calculate the compensation in 2017, or, if it did not, it should recalculate the compensation and pay Miss L the additional amount due. For the avoidance of doubt, the current credit provider has refunded the PPI premiums paid from 1 July 2017 (with associated interest), so if AXA did not correctly calculate the compensation, it should now do so to 30 June 2017.

Putting things right

If AXA calculated compensation in December 2017 to include premiums charged to 30 June 2017, it should provide evidence to Miss L to explain how it did this.

If AXA did not calculate compensation in December 2017 to include premiums charged to 30 June 2017, it should recalculate the compensation as follows:

- A. Identify the PPI premiums not previously included in the calculation, as well as any interest charged on those premiums, and charges caused by those premiums and any interest added to those charges, and refund that amount to Miss L.
- B. If - when AXA works out what Miss L would have owed each month without PPI during the additional period – Miss L paid more than enough to clear her balance, AXA should also pay simple interest on the extra Miss L paid. And it should carry on paying interest until the point when Miss L would've owed something on her credit card. The interest rate should be 8% a year.*
- C. AXA should tell Miss L what it's done to work out A and B.

AXA should contact the current credit provider, and if necessary Miss L, to obtain statement information for the period not previously included in the calculation. If no statement information is available, AXA should make reasonable assumptions in calculating the premiums, interest and charges, based on the transaction information it does have, and explain to Miss L the assumptions made.

*AXA is required by HM Revenue & Customs to withhold income tax from any such interest, so it should tell Miss L how much it's taken off. It should also give Miss L a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons stated above I have decided to uphold Miss L's complaint. AXA France IARD should put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 6 January 2023.

Jan Ferrari
Ombudsman