

The complaint

Mrs W has complained that AXA France IARD mis-sold her a store card payment protection insurance (PPI) policy in 1992.

What happened

Mrs W was sold PPI at the same time as taking out the card.

Our adjudicator upheld the complaint. AXA France disagrees with the adjudicator's opinion and so the complaint 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.

AXA France needed to ensure that the policy was presented as optional. Looking at the card application form, there is a separate section for PPI where a box needed to be completed if you do not want to take out PPI. In other words, you had to opt out of taking it rather than opting in. I agree with our adjudicator that I don't think this would have been made sufficiently clear to Mrs W. Furthermore, the PPI section is crossed through, which additionally would have given the impression that the policy had not been selected.

Usually I would go on to consider other aspects of the sale, such as whether Mrs W was given enough information to make an informed choice about buying the policy. However, in this instance, I'm satisfied that the failure to make it clear to Mrs W that she had a choice about buying the policy is enough in itself for me to uphold the complaint.

Putting things right

AXA France should put Mrs W in the financial position she'd be in now if she hadn't taken out PPI:

A. AXA France should find out how much Mrs W would've owed when she closed her store 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. AXA France should then refund the difference between what Mrs W owed when she closed her account and what she would've owed if she hadn't had PPI. If Mrs W made a successful claim under the PPI policy, AXA France can take off what she got for the claim from the amount it owes her.

B. AXA France should add simple interest on the difference between what Mrs W would've owed when she closed her account from when she closed it until she gets the refund. The interest rate should be 8% a year.†

C. If – when AXA France works out what Mrs W would've owed each month without PPI – Mrs W paid more than enough to clear her balance, AXA France should also pay simple interest on the extra Mrs W paid. And it should carry on paying interest until the point when Mrs W would've owed AXA France something on her store card. The interest rate should be 8% a year.†

D. AXA France should tell Mrs W what it's done to work out A, B and C.

† HM Revenue & Customs requires AXA France to take off tax from this interest. AXA France must give Mrs W a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons explained, I uphold Mrs W's complaint and require AXA France IARD to pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 16 March 2023.

Carole Clark

Ombudsman