

The complaint

Mrs E complained, on behalf of the estate of Mrs P, that the amount of redress offered by AXA France IARD ("AXA"), in relation to the mis-sale of a payment protection insurance ("PPI") policy with a store card, was incorrect.

What happened

Mrs E's late mother, Mrs P, took out a store card - with PPI - in 1989. Mrs E, on behalf of the estate of Mrs P, complained to the card provider about the sale of the PPI policy in 2019. However AXA, rather than the card provider, is responsible for answering this complaint, so I will only refer to AXA from now on.

AXA upheld the mis-sale complaint, so I do not need to look at the sale of the policy. Therefore, in this decision I am only considering the amount of redress offered.

AXA offered redress of £2,319.51 in a letter issued in August 2019. The letter also said that the calculation of redress was partly based on estimated figures, as AXA didn't have a full list of transactions before 2005. Mrs E sent a number of card statements for Mrs P's account to AXA, covering much of the period between October 1989 and September 2001. After reviewing these statements, AXA recalculated the redress using the new information about the transactions on the card. This resulted in a lower redress offer of £1,907.95.

Mrs E was unhappy about the reduced amount, and wanted to accept the earlier, higher, figure. AXA refused this request, and Mrs E then brought the complaint about the redress amount to this service.

Our adjudicator looked into this, but didn't think the complaint should be upheld. He explained that redress is intended to put the consumer into the financial position they would have been in if PPI had never been added to the account. In this case, it was simply that the lower redress figure was the more accurate of the two, being based on the statement information rather than assumptions.

Mrs E accepted this view in August 2021, but a further complaint point has arisen, in that AXA has not yet recalculated and paid the correct redress figure. As Mrs E has not received the correct redress, she has asked for this to be reviewed by an ombudsman.

I issued a provisional decision in April 2023, in which I explained why I thought this complaint should be upheld. Mrs E said in her response that she had nothing further to add. AXA didn't respond.

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.

I have decided to uphold Mrs E's complaint on behalf of the estate of Mrs P, to the extent that AXA has not correctly calculated the interest payable for the period for which the late

Mrs P, and now her estate, have been left out of pocket because of the PPI. Nor has it paid the total redress figure. I have also decided that AXA should pay an additional £100 to reflect the distress and inconvenience caused to Mrs E in having to pursue payment of the correct amount. I'll explain why.

In my provisional decision I set out my findings as follows:

"As I explained above, AXA initially estimated the redress because it did not have full information about the transactions on the store card account. It later updated the calculation to reflect statement information provided by Mrs E.

In summary, when calculating redress, we'd expect AXA to refund all the PPI premiums charged to the store card, as well as any interest, fees or charges that were caused by the PPI. We'd also expect AXA to pay an additional 8% simple interest (15% for any period before April 1993) for the period the customer was left out of pocket because of the PPI. This should be calculated from when the customer was first out of pocket to when the money is refunded to them.

The total amount of the PPI premiums charged to the store card was £439.61. In the first redress calculation, AXA estimated that interest of £725.14 would have been charged to the card because of the PPI. After reviewing the statements provided by Mrs E, AXA was able to calculate a more accurate interest figure of £337.28. After the addition of the compensatory interest, and the deduction of tax from that interest, the updated redress figure came to £1,907.95 as at December 2020.

As noted above, Mrs E was unhappy with the lower figure, and brought her complaint to this service. Our adjudicator issued his view in August 2021, explaining that AXA's second redress calculation was fair, and Mrs E accepted this.

However, Mrs E notified us in December 2021 that she had not received the redress. AXA said it had not received Mrs E's acceptance of the offer, but Mrs E told us that she had not received an acceptance form. When this was reissued, AXA had not updated the compensatory interest element of the redress to reflect the new payment date. AXA then issued a cheque for £1,907.95, which Mrs E did not present as the figure had not been updated as expected.

In February 2022, AXA told us it would be issuing a cheque for an updated amount to Mrs E. In March 2022, Mrs E told us she had not received it. AXA said it had been issued but not presented.

In April 2022, Mrs E again told us that she hadn't received anything. AXA said it would reissue the cheque, but by May 2022 it had not arrived. We asked AXA where the cheque had been sent, and AXA gave us the address where the late Mrs P had formerly lived. This was despite it having Mrs E's address in its records (and indeed earlier correspondence was correctly addressed there). I should also say here that Mrs E said she had provided bank details for payment of the redress.

In July 2022, Mrs E received a cheque from AXA, but again this was for £1,907.95 – so the compensatory interest figure had not been updated. Mrs E did not present the cheque. We asked AXA about this, but by October Mrs E had heard nothing further. Since then, despite further contact with AXA, Mrs E has still not received the redress.

Overall, although the premiums charged to the store card (£439.61) are not in dispute, and I'm satisfied that it was fair for AXA to recalculate the interest charged to the store card (to £337.28) in the light of statements provided by Mrs E, I have concluded that AXA has not

treated Mrs E fairly insofar as it has not correctly updated the amount of compensatory interest."

I further said in my provisional decision that I proposed to uphold this last element of Mrs E's complaint on behalf of the estate of Mrs P, and that AXA should pay an additional £100 to reflect the distress and inconvenience caused to Mrs E in having to pursue payment of the correct amount. As I have received no further evidence or information, I have no reason to change my conclusions. So I am upholding this complaint to the extent described above.

Putting things right

1 - AXA should recalculate the redress due to the estate of Mrs P. The full steps required in the calculation of redress on the store card are as follows:

- a) find out how much Mrs P would have owed when she closed her store card account if the policy hadn't been added to it. 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;
- b) AXA must then refund the difference between what Mrs P owed when she closed the account and what she would have owed if the policy hadn't been added to it;
- c) if Mrs P made a successful claim under the PPI policy, AXA can take off what she got for the claim from the amount it owes;
- d) AXA should add simple interest on the difference between what Mrs P would have owed when she closed the account from when she closed it until AXA issues the refund. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- e) if - when AXA works out what Mrs P would have owed each month without PPI – she paid more than enough to clear the balance, AXA should also pay simple interest on the extra she paid. And it should carry on paying interest until the point when Mrs P would have owed something on the store card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- f) AXA must tell Mrs E, on behalf of the estate of Mrs P, what it's done to work out the compensation set out above.

2 – AXA should pay Mrs E, on behalf of the estate of Mrs P, £100 in recognition of the distress and inconvenience caused by its failure to issue the correct redress.

[†] HM Revenue & Customs requires AXA to take off tax from this interest. AXA must give Mrs E on behalf of the estate of Mrs P a certificate showing how much tax it's taken off if she asks for one.

My final decision

I have decided to uphold Mrs E's complaint on behalf of the estate of Mrs P, to the extent that AXA has not correctly calculated the interest payable for the period for which the late Mrs P, and now her estate, have been left out of pocket because of the PPI. AXA should compensate Mrs E, on behalf of the estate of Mrs P, as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E, on behalf of the estate of Mrs P, to accept or reject my decision before 13 June 2023.

Jan Ferrari
Ombudsman