

## The complaint

Mr M has complained that National Westminster Bank Plc (Nat West) hasn't paid out the redress for mis-sold loan payment protection insurance (PPI).

## What happened

Mr M says he had two home improvement loans from Nat West. The first one was taken out in August 1984 for five years, with a monthly repayment of £25.41. The second one was taken out in August 1987, also for five years, with a monthly repayment of £36.75.

The complaint about mis-sold PPI was initially dealt with by this service in 2019. Nat West told us in November 2019 that it could find no trace of PPI having been applied to the accounts.

Mr M then provided more information which Nat West took at first sight to be evidence of a PPI premium refund in relation to the first loan. So, it then told this service in March 2020 that it was going to make an offer of redress. However, when it came to calculate the redress due, it realised that the £25.41 applied to the account was not a PPI premium but was instead a monthly loan repayment amount. So, it reverted to its 'no PPI' stance.

Unfortunately, Nat West then didn't inform Mr M of this change of outcome. It was only in May 2022, in response to Mr M chasing the redress payment, that it wrote to him. Mr M didn't receive this letter. He wrote to Nat West again in 2023 and he then did receive Nat West's response dated 11 July 2023, stating that the offer of redress had been made in error.

I wrote a provisional decision last month in which I explained why I was minded to uphold the complaint. Both Nat West and Mr M responded to say that they agreed with the outcome I reached.

## 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 I explained in my provisional decision, Mr M provided a copy of a letter from Nat West in relation to the first loan which stated:

*'Upon checking my records, your account is one payment in advance, due to an insurance cheque for £25.41 being forwarded from Insurance Services Bristol in March of this year. In the circumstances I have pleasure in enclosing a cheque representing this overpayment.'*

The amount of £25.41 exactly matched the monthly loan repayments. So, I agreed with Nat West that this was not a PPI premium that has been credited to the account for some reason. However, I disagreed with Nat West that this was not evidence of PPI being present on the account.

Mr M recollected that he was unwell at one point and so made a claim on the policy. Based on the available evidence, I think this payment to the account is the likely outcome of a successful claim.

So, whilst there is no information about the PPI premium, the available evidence seems to show a successful claim on a policy, with the settlement amount being paid to the loan account. On balance, that's enough to persuade me there was a PPI policy associated with the first loan account.

Mr M had said that, just because he didn't need to make a claim on the policy attached to the second loan, and therefore has no evidence, it shouldn't be assumed that he therefore didn't have PPI on that loan. But it would be equally wrong to assume that he did. Without any evidence, I am unable to conclude that it is more likely than not that he held PPI on the second loan account.

Based on the available evidence, I consider that there was PPI on the first loan account. So, it was wrong for Nat West to rescind its offer of redress.

As neither party disagreed, I see no reason to depart from the outcome I reached in my provisional decision. It follows that I uphold the complaint.

### **Putting things right**

To put things right, Nat West should put Mr M in the financial position he'd be in now if he hadn't taken out the PPI. So, in relation to the first loan, Nat West should:

- Pay Mr M the amount he paid each month for the PPI. Nat West will need to make some reasonable assumptions based on what it knows about its PPI policies sold in 1984, such as whether it was a single or regular premium policy, and the cost. It will also need to assume that the PPI ran for the full five-year term of the loan.
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on.†
- Mr M made a successful claim under the PPI policy, so Nat West can take off what he got for the claim (£25.41) from the amount it owes him. It can also deduct any amounts it may have already paid regarding commission and profit share.
- Nat West should also pay £100 for the distress and inconvenience caused due to incorrectly rescinding the mis-sale offer and for not informing Mr M of its changed position.

† HM Revenue & Customs requires Nat West to take off tax from this interest. Nat West must give Mr M a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

For the reasons given, my final decision is that I uphold the complaint and require National Westminster Bank Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 October 2024.

Carole Clark  
**Ombudsman**