

The complaint

Miss E has complained that MBNA Limited hasn't paid the correct redress for mis-sold payment protection insurance (PPI) on a credit card account.

What happened

When Miss E made a complaint about being sold PPI on a credit card, MBNA fully upheld it. It sent its final response to her complaint, dated 3 February 2020. It then raised a cheque for redress on 5 February 2020.

For some reason, Miss E received the cheque first, so she contacted MBNA by phone to query it. She was told that a letter had been sent out which explained why it was for that amount and that she should just cash it in the meantime. Miss E didn't want to do that as she believed it would prevent her from escalating her complaint any further if she remained unhappy. She then did receive the final response letter shortly afterwards, but she still didn't cash the cheque.

She then complained to this service in July 2020. We requested some more information from her in September 2020 to allow the case to be progressed. However, that wasn't received and so the case lay dormant for some time. It wasn't until August 2023 that Miss E contacted us again, saying that she wasn't sure if she'd raised a complaint with us or not. Having asked her to complete a declaration, she made a verbal declaration over the phone in January 2024, and it was at this point that we were able to start looking at her complaint.

Our investigator thought that the redress MBNA had offered in February 2020 was fair and reasonable. On 9 September 2024 she told Miss E that MBNA was still willing to settle the complaint by sending her a replacement cheque. Miss E was asked if she accepted this settlement offer. Because she didn't respond within the given timeframe, our investigator wrote to her on 8 October 2024 to say that her acceptance had therefore been assumed and that MBNA would be making direct payment. MBNA wrote to Miss E on 15 October 2024, enclosing another cheque.

Miss E then did contact us to say she didn't agree with the settlement. Therefore, 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.

In February 2020, MBNA sent Miss E a cheque for £508.12. I can understand that receiving the cheque on its own, without any explanation, would have raised some questions.

However, she then received the final response letter about a week later. This did contain a full breakdown of how the amount had been calculated, including that the amount of premiums charged totalled £263.67. With other charges refunded, plus interest, the total amount of redress was £508.12.

As I understand it, Miss E's reason for thinking that the offered amount is wrong isn't based on any calculation or information of her own that she actually paid more in premiums than quoted by MBNA. Rather, it is based on the notion that banks are generally dishonest and so she isn't in a position to accept anything that she's being told. I therefore hope I can provide some reassurance about that.

Upon first contacting Miss E, our investigator sought to manage her expectations by explaining that, due to the passage of time, MBNA may no longer have all the information available to reconstruct the account to check that the redress amount was correct.

Miss E was asked if she had any evidence to show that she had paid more PPI premiums than set out by MBNA. She was able to provide one credit card statement showing a PPI payment of £16.27 on 5 December 2000. Our investigator passed this to MBNA, as per our normal procedure when a consumer provides documentary evidence.

MBNA responded to say that the information didn't change anything because the payment of £16.27 corresponded with its own records and had been taken into account when calculating the redress. It provided a copy of the calculation used in 2020 when upholding Miss E's complaint. This contains all the PPI premiums for when the policy was active between February 1998 and March 2001.

I think there has been some misunderstanding here as Miss E has understood this to mean that MBNA said it couldn't find any records initially but that, in response to the information she provided, it was suspiciously able to produce the figures after all. That is not the case. MBNA had never said that it didn't have the records.

The PPI premiums were not a fixed monthly fee. They were based on a percentage of the outstanding credit card balance and so fluctuated with that balance. Looking at the evidence provided by MBNA, I'm satisfied that the total amount of premiums paid was £263.67. And overall, I'm satisfied that its calculation was made correctly, in line with our established approach, to reach a total redress amount of £508.12.

I note that our investigator told Miss E that the amount she'd now receive was £544.99. However, the cheque that she received last month was for the original amount of £508.12. On balance, I consider it is reasonable that MBNA has reissued the cheque for the original amount. As I've stated, the amount offered in 2020 was correct. And MBNA are not responsible for the delay in this complaint only now reaching its conclusion. So, I'm not asking it to do anything more.

My final decision

For the reasons set out above, my decision is MBNA Limited has correctly calculated the redress amount for the mis-sold PPI.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 5 December 2024.

Carole Clark
Ombudsman