

Complaint

Mrs B complains that AXA France IARD (“AXA”) mis-sold her a payment protection insurance (“PPI”) policy. The complaint is brought on her behalf by a claims management company.

I issued a provisional decision on 15 October 2019. At the time the complaint was set up against a different business. Since issuing my provisional decision, another business, AXA, has taken responsibility for this complaint. To keep things simple, I’ll refer to AXA in this decision.

Background

This complaint is about a PPI policy attached to a store card that Mrs B took out in 1997. It was sold to her in store and covered her if she couldn’t work due to accident, sickness or unemployment.

My provisional decision

I thought the complaint should be upheld and I explained why. I said:

AXA needed to give Mrs B clear information about the PPI before she agreed to take it. That included highlighting anything that could make it difficult for Mrs B to make a successful claim.

Mrs B says she was self-employed when she applied for the PPI. And I can see this is what she declared at the time on the store card application.

I’ve looked at the policy terms that likely applied to Mrs B’s policy when it was sold, and I think it would’ve been more difficult for Mrs B to make a claim for unemployment than she would’ve expected. Before she could make a successful claim, her business would’ve had to have stopped trading and have been wound up (or be in the process of being wound up), or her business would’ve had to be in the hands of a liquidator. I think AXA should’ve highlighted this term to Mrs B – and I’ve not seen anything to suggest it did. If it had done, I don’t think Mrs B would’ve taken the policy.

So I think Mrs B has lost out as a result of what AXA did wrong and so it needs to put things right.

I concluded that AXA should put Mrs B in the financial position she’d be in now if she hadn’t taken out the PPI.

I gave both parties the opportunity to provide further evidence and information, but neither party replied to my provisional decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. We’ve set out our general approach to complaints about the sale of PPI on our website and I’ve taken this into account in deciding Mrs B’s case.

As neither party has provided any further information, I find no reason to depart from my earlier conclusions and I think the complaint should be upheld.

Putting things right

AXA should put Mrs B in the financial position she'd be in now if she hadn't taken out PPI. And what AXA needs to do will depend on if Mrs B's store account is still open.

If Mrs B's store card account is still open:

The policy should be cancelled, if it hasn't been cancelled already, and:

- A. AXA should find out how much Mrs B would owe on her card 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.

AXA should then refund the difference between what Mrs B owes and what she would have owed.

If Mrs B made a successful claim under the PPI policy, AXA can take off what she got for the claim from the amount it owes her.

- B. If – when AXA works out what Mrs B would have owed each month without PPI – Mrs B paid more than enough to clear her balance, AXA should also pay simple interest (at 8% a year) on the extra Mrs B paid. And it should carry on paying interest until the point when Mrs B would've owed AXA something on her card. †
- C. AXA should tell Mrs B what it's done to work out A and B.

If Mrs B's store card account is now closed:

- A. AXA should find out how much Mrs B would have owed when she closed her store card.

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 should then refund the difference between what Mrs B owed when she closed she account and what she would've owed if she hadn't had PPI.

If Mrs B made a successful claim under the PPI policy, AXA can take off what she got for the claim from the amount it owes her.

- B. AXA should add simple interest (at 8% a year) on the difference between what Mrs B would've owed when she closed her account from when she closed it until she gets the refund. †
- C. If – when AXA works out what Mrs B would have owed each month without PPI – Mrs B paid more than enough to clear her balance, AXA should also pay simple interest (at 8% a year) on the extra Mrs B paid. And they should carry on paying interest until the point when Mrs B would've owed AXA something on her store card. †

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

In either case, if the lender has already repaid any commission amount to Mrs B that relates to this PPI sale, that sum can be deducted by AXA from the redress shown above.

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

My final decision

My final decision is that I uphold this complaint. AXA France IARD should pay compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 February 2020.

Elizabeth Dawes
Ombudsman