

## **complaint**

This complaint is about a single premium payment protection insurance policy ('PPI') sold in conjunction with a loan by Liverpool Victoria Friendly Society Limited (LV). It has agreed to provide redress in relation to this. However, Mr B (who is represented by a claims management company) is unhappy it intends to pay this to the third party to who it sold his debt.

## **background**

I issued my provisional decision in June 2013, a copy of which is attached and forms part of this final decision. In my provisional decision I explained why I was minded to uphold Mr B's complaint. I invited both parties to let me have any further comments they wished to make before I reached a final decision.

Mr B's representatives did not provide any new information. LV initially suggested it might buy back the debt from the third party but subsequently confirmed it would not be doing so.

## **my findings**

As neither party has made any further representations that would affect what I said in my provisional decision I see no reason to alter the conclusions I set out there.

## **my final decision**

For the reasons set out above and in my provisional decision I uphold this complaint and require Liverpool Victoria Friendly Society Limited to provide redress as set out in my provisional decision.

James Park  
**ombudsman**

## **COPY PROVISIONAL DECISION**

### **complaint**

This complaint is about a single premium payment protection insurance policy ('PPI') sold in conjunction with a loan. Liverpool Victoria (LV) has agreed to provide redress for this. However, Mr B (who is represented by a claims management company) is unhappy it intends to pay this to the third party to who it has sold his debt.

### **my provisional findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our normal approach in cases where we uphold a complaint about the mis-sale of a PPI policy is to ensure the consumer is put back in the position they would have been if they had not taken this out in the first place. I have therefore reviewed the evidence to see if what LV has proposed is in line with this approach.

I note Mr B has not disputed the amount of compensation LV has proposed in settlement of his complaint. And its calculation does appear to be in line with our general approach. So it seems to me the outstanding issue is whether it is appropriate for LV to use this amount against Mr B's outstanding debt.

Where a business is the contractual owner of a debt, a customer continues to owe money to it – so it may not be unreasonable to offset any PPI compensation due against any arrears owing on the account associated with this. But in cases where a debt has been sold to a third party the consumer no longer owes any money to it. And this appears to be the case here because I understand LV sold Mr B's debt to a third party some years ago.

So while I appreciate the debt is still outstanding the contract relating to this is now between Mr B and the third party that owns it. It does not appear LV has any remaining interest in this. However, it does still have a duty to provide compensation for the mis-sale of PPI. If Mr B wishes to use this compensation to repay the outstanding debt which is now owned by the third party it would of course be open to him to do so and LV should accommodate this. But I do not believe it is in a position to insist this should take place.

So for the reasons set out above I consider LV should pay the proposed compensation direct to Mr B. It should also recalculate its offer to ensure it is up to date.

### **my provisional decision**

I am currently minded to uphold this complaint and direct Liverpool Victoria Friendly Society Limited to pay redress as set out above.

I now invite both parties to provide me with any further submissions they wish to have taken into account, by 26 July 2013, after which time I will issue my final decision.

James Park  
**ombudsman**