

## **complaint**

Miss N has complained that NRAM plc mis-sold her a payment protection insurance (PPI) policy.

## **background**

Miss N bought the PPI policy when she borrowed £8,000 in November 2004. She borrowed an extra £3,087.04 to pay for it.

In 2012 Miss N wrote to NRAM to say she thought the PPI policy had been mis-sold. NRAM agreed. But it said it wouldn't pay Miss N any compensation because she'd entered into a protected trust deed (PTD) in 2008. And NRAM said it had agreed to accept less than Miss N owed on the understanding that she wouldn't complain about PPI.

Our adjudicator agreed that NRAM shouldn't pay Miss N any compensation – but asked it to use Miss N's PPI compensation to reduce her debt with NRAM.

NRAM refused. It says Miss N owed NRAM almost £9,000 when she was discharged from her PTD. And NRAM says she has no legal right to make a claim because there was a 'statutory bargain' when she entered into her PTD. Put simply, it says she transferred all her assets to her trustee for the benefit of her creditors – including her right to make a claim. NRAM says it will pay Miss N's trustee if necessary.

Miss N was discharged from her PTD in April 2011. And the Office of the Accountant in Bankruptcy has confirmed that Miss N's trustee has no interest in any compensation due.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've taken into account the relevant law.

NRAM says Miss N has no legal right of action against NRAM for the mis-selling of PPI.

I don't need to – and so I purposely do not – make a finding on whether or not Miss N has a legal right of action because Miss N has the right to ask us to look at her complaint.

We were set up by Parliament to resolve complaints that consumers and businesses can't resolve themselves.

The Financial Services and Markets Act 2000 says a complaint can be referred to this service if it's referred to us by an 'eligible' complainant. And it says a complainant's eligible if the Financial Conduct Authority's 'DISP' rules say so.

Miss N is a consumer who is (or was) a customer of NRAM. This means she's an eligible complainant according to DISP 2.7. And so she has the right to ask us to look at her complaint.

Miss N says NRAM mis-sold her a PPI policy and NRAM agrees. So all that's left for me to decide is what, if anything, NRAM needs to do to put things right.

Miss N owed NRAM almost £9,000 when she was discharged from her PTD – which is significantly more than PPI cost her. So I don't think it would be fair to tell NRAM to pay Miss N any compensation.

But if Miss N hadn't had PPI she would have borrowed and therefore owed NRAM less. And I think NRAM's records should reflect this.

So NRAM needs to work out how much interest was charged on the extra Miss N borrowed to pay for PPI. And it needs to deduct this and the extra Miss N borrowed (£3,087.04) from the amount she owes – and amend its records accordingly.

NRAM should also contact any third parties that have a record of Miss N's debt so that they can also amend their records.

### **my final decision**

For the reasons I've explained, I uphold Miss N's complaint.

NRAM plc should put things right by doing what I've said it should do above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 11 April 2016.

Christopher Reeves  
**ombudsman**