

complaint

This complaint is about a credit card payment protection insurance (PPI) policy taken out in October 2000. Mr L says Bank of Scotland Plc (trading as Halifax) mis-sold him the PPI.

my findings

I've considered all the available evidence and arguments to decide what is 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 Mr L's case.

I've decided the policy wasn't mis-sold because:

- I've seen a copy of Mr L's credit card application. There was a separate box to complete to indicate if the person applying wanted PPI. The box on Mr L's form was filled. I can see that Mr L's details and choices have been typed into the agreement. But Mr L signed the form. And I think he would've read it first to check what it said reflected what had been discussed. So I think Halifax made it clear that Mr L didn't have to take out the PPI and that he chose to take it – although I can understand why he can't remember this.
- Halifax recommended the PPI to Mr L so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to, or limits on, the PPI cover and he seems to have had a need for the cover.
- It's possible the information Halifax gave Mr L about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.
- Which means Halifax doesn't have to pay back all of the cost of the PPI to Mr L.

But Halifax will pay back *some* of the cost of the PPI to Mr L because:

- When the policy was sold, Halifax expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr L about that. Because Halifax didn't tell Mr L, that was unfair.
- To put that right, Halifax has basically offered to pay back the amount of commission and profit share that was above 50% of the PPI premium - and I think that offer is fair in this case.

I've thought about everything Mr L has said - including what he's said about not needing the cover because he would've received up to 12 months full pay from his employer if he was unable to work due to illness or injury. But these points don't change my decision.

We asked Mr L for evidence of his sick pay entitlement but he hasn't been able to provide this. I accept he would've likely been entitled to some benefits but, given what I know about

the type of work he was doing and the length of time he was employed, I think it's unlikely he would've received the level of sick pay he mentioned, at the time of taking out the card.

And in any event the policy could've paid out in addition to any existing sick pay Mr L had, allowing this to be used to cover other outgoings. And it also provided cover if he were to lose his job unexpectedly.

what the business needs to do

Halifax has to pay back to Mr L any commission and profit share it got that was more than 50% of the PPI premium. Halifax should also pay back to Mr L any extra interest Mr L paid because of that.

Halifax should re-work the credit card account and pay back to Mr L the difference between what Mr L owes and what he would've owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. Halifax should also pay Mr L 8%* simple interest if Mr L paid off their credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr L can claim back the tax if he doesn't pay tax.

my final decision

The PPI policy wasn't mis-sold – so Bank of Scotland Plc does not have to pay back all of the cost of the PPI to Mr L.

But Bank of Scotland Plc does have to pay back to Mr L any commission and profit share it got that was more than 50% of the PPI premium.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 29 January 2018.

Ben Stoker
ombudsman