

## **complaint**

Mrs H says that Bank of Scotland plc (BOS) mis-sold her a regular monthly premium payment protection insurance (PPI) policy.

## **background**

BOS sold Mrs H the policy over the phone in 2008 for a credit card.

Our adjudicator upheld Mrs H's complaint but BOS disagreed with this. So, the complaint comes to me to decide.

## **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 H's complaint.

BOS had to make it clear to Mrs H that the PPI was optional. Unfortunately - apart from saying this was an advised telephone sale - BOS haven't been able to give us any detail about the phone call. They haven't provided us with a call recording or a call script. So I don't know what was said to Mrs H during the call.

BOS said they haven't found any evidence that Mrs H didn't know the policy was optional. But it was BOS' responsibility to make it clear to Mrs H that it was optional. BOS told us their records show Mrs H was sold PPI after she'd received her credit card. So they said Mrs H would've known she didn't need to take PPI to get the card.

But I don't think that this made it clear at all. BOS said the PPI was probably sold to Mrs H when she rang to activate her card. So Mrs H wouldn't have necessarily known she didn't have to take PPI to start using the card.

I also note that on Mrs H's credit card application form it says she didn't want PPI. So I think that when she was given a choice about taking PPI she said "No".

As I've said, the PPI was sold when Mrs H rang to activate her credit card – and this was only a relatively short time after she'd filled in the application form. So I think when Mrs H applied for the card itself, she didn't want PPI. And so I don't think she'd have taken PPI during the call if she thought it was optional.

BOS suggested it would've been clear to Mrs H the PPI was optional from the documents they sent her after the phone call. But I don't think that documents sent after the call (*ie* after the PPI was sold) help me understand if BOS made it clear the PPI was optional *at the time they sold it* to Mrs H. And I think Mrs H would've taken much more notice of things she was told during the call.

So taking everything into account, I can't say it's likely BOS did make it clear to Mrs H that the PPI was optional. And so I uphold Mrs H's complaint for the reasons I've explained above.

### **what BOS should do to put things right**

BOS should put Mrs H in the financial position she'd be in now if she hadn't taken out PPI.

- A. BOS should find out how much Mrs H would have owed when she closed her credit card account if the policy hadn't been added.

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.

BOS should then refund the difference between what Mrs H owed when she closed her account and what she would have owed if she hadn't had PPI.

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

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

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

### **my final decision**

For the reasons I've explained, I uphold Mrs H's complaint.

Bank of Scotland plc should pay Mrs H compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 2 November 2015.

Julian Cridge  
**ombudsman**