

complaint

Mr C complains that in, September 1997, National Westminster Bank Plc (NatWest) mis-sold him a payment protection insurance (PPI) policy for his credit card.

background

The background to this complaint and my initial conclusions are set out in my provisional decision of 14 November 2014. In that decision, I explained I was minded to uphold Mr C's complaint for the following reasons:

- Overall, I wasn't satisfied that Mr C was given sufficient information about the PPI so that he could make an informed choice.
- The circumstances in which someone who was self-employed could make an unemployment claim were quite limited. This should have been drawn to Mr C's attention in a clear way.
- Mr C was in full-time employment at the time the PPI policy was sold to him. But he said that he also had his own business. He said that if he had lost his full-time job it might have been difficult for him to claim unemployment benefit as his business had not ceased trading.
- I considered whether the PPI's self-employment terms would have changed Mr C's decision to take out the policy. It appeared that he had definite plans to cease trading so Mr C might have thought that he was unaffected by what the policy said about self-employment. On the other hand, Mr C was planning to sell his remaining stock, so he might have continued trading for at least some time after taking out the policy.
- So I couldn't be sure whether the policy's self-employment terms alone would have been sufficient to have stopped Mr C taking the policy. But Mr C said that he was also doing temporary weekend work at the same time. He said that, although he didn't work every week, when he did his normal shifts would total 35 hours over a weekend.
- The terms of Mr C's PPI policy defined unemployment as "a period of unemployment of up to 12 months when You have no Employment or Temporary Work". I thought that Mr C would have had to lose both his full-time and temporary jobs to have been able to claim successfully for unemployment.
- I wasn't satisfied that this would have been sufficiently clear to Mr C at the time the PPI was sold to him. If both this point and the policy's self-employment terms had been clear to Mr C, I thought he would most likely have concluded that the circumstances in which he could make an unemployment claim were very limited. I thought he would therefore have decided not to go ahead with the PPI.

I invited both parties to let me have any further representations by 15 December 2014, but neither party has done so.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In my provisional decision I explained that

the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

As no further evidence has been submitted, I find no reason to alter my provisional decision. It follows therefore that I have decided to uphold Mr C's complaint and make an award against NatWest.

fair compensation

Mr C should be put back in the position he would have been in now if he had taken out the credit card without the PPI policy. So the PPI policy should be cancelled if it has not been cancelled already and NatWest should:

- A. Carry out a hypothetical reconstruction of the credit card account to find out what the current balance of the credit card account would have been if the PPI policy had *not* been added to it.

This will involve NatWest removing the PPI premiums, any interest that was charged on the premiums and any charges (and interest on those charges) that would not have applied if the PPI had not been added to the account.

NatWest should then pay Mr C the difference between the current balance and what the current balance would have been without PPI.

- B. Pay Mr C interest at 8% per year simple[†] on any credit balance for any periods when the reconstructed account would have been in credit for the period it would have been in credit.
- C. Set out in writing to Mr C how it has calculated the compensation in A and B.

[†] I understand NatWest is required to deduct basic rate tax from this part of the compensation. Whether Mr C needs to take any further action will depend on his financial circumstances. More information about the tax position can be found on our website.

Mr C should refer back to NatWest if he is unsure of the approach it has taken and both parties should contact HM Revenue & Customs if they want to know more about the tax treatment of this portion of the compensation.

my final decision

For the reasons given, my final decision is that I uphold Mr C's complaint and make an award against National Westminster Bank Plc as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C to accept or reject my decision before 29 January 2015.

Matthew Young
ombudsman