

complaint

Mr M is unhappy with the compensation Barclays Bank Plc (Barclays) offered to settle his complaint about the mis-sale of a payment protection insurance (PPI) policy.

background

Mr M complained to Barclays about the PPI linked to his credit card. After he had brought it to this service Barclays made an offer to settle the complaint and refund the amount the PPI had cost him.

In November 2012 Barclays offered Mr M £1,065.85 to settle his complaint. Barclays says it never received an acceptance form back from Mr M for this offer, so it didn't pay the compensation.

Mr M went into arrears on his credit card and in November 2013 Barclays sold the debt on the account to a third party.

In January 2014 Barclays made an updated offer for the complaint and recalculated the compensation. This offer worked out the compensation due was lower than the first offer made. But Barclays said it would honour the higher amount. It paid the compensation into Mr M's current account.

Mr M was still unhappy with what Barclays had done. He said Barclays should clear the debt he still owed to the third party for his credit card debt as this was caused by the PPI. He was also unhappy that when Barclays made the payment to him in 2014 it deducted income tax from some of the interest paid as part of the compensation.

Our adjudicator reviewed the case and felt the compensation offered and paid by Barclays was fair. Barclays at this time also agreed to pay £400.00 for the distress and inconvenience caused to Mr M by the way his complaint had been dealt with.

Mr M is still unhappy and asked that an ombudsman look at his complaint.

my findings

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

Barclays has now agreed to pay compensation to Mr M, so I won't look at how the PPI came to be sold to Mr M. I'm only looking at if the amount offered by Barclays is fair.

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In January 2014 Barclays updated the way it worked out compensation for PPI. This approach was more accurate than earlier ways it calculated compensation. In this case the compensation offered to Mr M in 2012 was slightly more than what the new calculations said should be paid. Barclays still paid the higher amount of compensation, which I think is fair.

I have looked at what Barclays has offered to pay to Mr M. This includes the premiums he paid, interest paid on those premiums and some 8% simple interest to compensate Mr M for any times he was out of pocket because he paid the PPI.

From the compensation Barclays took off basic rate income tax from the 8% simple interest amount. Barclays needed to do this by law as, since 2013, all businesses that are paying interest of this type must take off the tax and pay it to the tax office. I know Mr M was unhappy with this, but legally Barclays had to do it. If Mr M isn't a tax payer he can ask Barclay for a certificate of the tax paid and then contact his tax office about this.

I think Barclays offer is fair and gives back to Mr M what the PPI cost him.

I've also looked at all the issues Mr M has made about the sale of the debt on his credit card to a third party and how Barclays has dealt with him and this complaint.

Barclays can sell debts to other businesses, that is something many businesses do and it is legally allowed. When this happens I can't tell a business to buy back a debt. I understand Mr M is unhappy as he says if the compensation had been paid to his credit card account in 2012 it would have cleared the debt. But Barclays didn't know Mr M wanted to accept the compensation, so it didn't pay it. I don't think Barclays did anything wrong.

As Mr M now no longer owes Barclays the debt (he owes this to the third party), Barclays can't set what it owes Mr M against that debt. So in this case Barclays has paid the compensation directly to Mr M. I think that is fair. Mr M can choose to use the compensation Barclays paid to him to clear his debt with the third party.

If Barclays also paid off the debt Mr M owes to the third party, Mr M would be getting back the cost of the PPI twice from Barclays. It would be paying the third party for the debt and also paying to Mr M the compensation which includes the costs of the PPI.

I also note that Mr M is unhappy that Barclays at first said there was no PPI on his account. The policy started in 2002 which is over ten years ago and it's possible Barclays couldn't immediately trace the PPI or it may have made a mistake. But it has eventually agreed there was PPI and paid back the cost to Mr M.

Barclays has agreed it hasn't dealt with Mr M's complaint as well as it could have. So it has offered and paid a further £400.00 to Mr M. This seems fair to compensate Mr M for the trouble and upset caused to him in this matter.

my final decision

For the reasons I've set out I'm satisfied that the offer paid by Barclays Bank PLC in January 2014 is fair and reasonable compensation so I don't uphold this complaint.

I also think that the £400.00 additional payment for the trouble and upset caused to Mr M is reasonable in the circumstances of this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 November 2015.

Christine Fraser
Ombudsman