

## **complaint**

Ms R complained that she was mis-sold payment protection insurance (PPI) with a loan with Santander UK Plc in 2004.

## **background**

Santander agreed that Ms R had been mis-sold PPI and made her an offer of £413.46.

Ms R said this wasn't enough money and wanted more.

Our adjudicator didn't uphold this complaint. Ms R disagreed with the view and the matter has been passed to me to make a final decision.

## **my findings**

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

I am not going to look at whether the PPI was mis-sold because Santander has agreed that it was. I am going to look at whether the offer was fair. I think the offer was fair and I would like to explain why below.

We expect a business to put the consumer in the position they would have been in if they had taken the loan without PPI. This means we expect it to refund the amount of the PPI premiums and interest on those premiums. We then expect it to add 8% simple interest for the time the consumer was out of pocket because of the PPI.

Santander has worked out that Ms R had paid £101.16 in PPI premiums and added an extra amount of £151.36 as a rebate for early settlement of the loan. Finally it added 8% simple interest of £160.94. This made a total offer of £413.46. Santander then updated the 8% interest so the total amount offered was £415.14.

I am satisfied that this follows the approach we would expect Santander to take when working out how much a consumer is owed.

Ms R says this wasn't enough money and that the rebate should be higher. She says this is because she had borrowed more than £10,000 from Santander and the cost of the single premium PPI policy was £1,517.40. I have carefully considered this and reviewed the account history for the case. I can see that the principal loan was taken out in August 2004 but also that it was paid off in November 2004. When Santander worked out what Ms R needed to pay to settle her loan, it had already applied a refund of some of the cost of this PPI policy and loan interest of £1,264.88. It then took this off the settlement figure for the balance of the loan and this meant Ms R had to pay less to settle the loan.

Taking into account the amount of money that Santander refunded at settlement of the loan (£1,264.88) and the offer it made in PPI compensation (£101.16 plus £151.36). This totals £1,517.40 which is the entire cost of the PPI policy that Ms R paid.

Looking at all of the facts, I am satisfied that Santander has worked this out correctly and the offer it made to Ms R was fair. So I won't be telling it to pay more.

I have also thought about whether Ms R was due any further compensation, for example if the rebate affected her in other ways which wasn't just financial. I cannot see that Santander caused Ms R any further trouble and upset in the way it handled her complaint and so I won't be telling it to pay any more money.

**my final decision**

For the reasons I have set out above, I am not upholding this case against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms R to accept or reject my decision before 5 November 2015.

Miranda Bates  
**ombudsman**