

## **complaint**

Mr W is unhappy with the amount National Westminster Bank Plc has paid to resolve a complaint about the mis-sale of payment protection insurance ("PPI").

## **background**

Mr W's trustee in bankruptcy ("the trustee") complained to NatWest that it had mis-sold Mr W PPI. NatWest found that Mr W had taken PPI out with his loans and offered to pay £8,981.97 to put things right. The trustee accepted NatWest's offer.

NatWest said that it would be keeping £478.07 of the PPI redress to pay off an outstanding balance on Mr W's current account ending 8637 (the current account"). And it issued cheques for £7,890.06 and £116.03 for the remaining PPI redress.

The trustee asked why there was a difference between the redress NatWest had offered and the money it had paid after deducting the amount needed to pay off the current account balance. But Mr W says NatWest never gave a satisfactory answer.

Mr W later paid NatWest £15,545.89 to pay off his debts. And he's now been discharged from his bankruptcy.

His representative has continued to question the difference in the PPI redress the trustee identified. And they've said that the £15,545.89 Mr W paid to settle his debts covered the outstanding current account debt. So as NatWest also deducted the amount of the current account debt from the PPI redress, Mr W has effectively repaid £478.07 twice.

Mr W asked this service to consider the complaint.

After the complaint was referred to us, NatWest reviewed its original calculations for the PPI redress and said Mr W was due a further £211.70. It also offered £100 compensation for any trouble and upset it had caused in the way it had handled the complaint.

Our adjudicator thought that what NatWest had offered to do to put things right for Mr W was fair. But Mr W's representative didn't agree. Amongst other things, they said:

- The PPI redress NatWest offered should've been used to reduce the outstanding balance on loan account ending 9496 ("the loan").
- The further £211.70 NatWest has offered should be doubled to £423.40 as Mr W already paid the £211.70 when he settled his debts.
- The compensation for the trouble and upset NatWest has caused by its complaint handling should be at least £200.

The complaint has now been passed 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.

As NatWest has agreed to settle the complaint about the mis-sale of PPI, I'm not going to look into how PPI was sold. I need to consider whether NatWest has made a fair offer to settle things.

has NatWest done what I'd expect it to do to put things right?

I can see that this matter has become very confused – NatWest doesn't appear to have fully answered the trustee's and Mr W's representative's questions and lots of different figures have been given with little explanation.

To simplify things, I'm just going to compare what I'd expect NatWest to do to put things right after mis-selling PPI with what it has done to put things right.

As I understand it, the loan formed part of Mr W's bankruptcy. I've seen screenshots showing that the loan had an outstanding debt of £21,596.69.

To put things right, I'd expect NatWest to reduce the outstanding loan debt by the amount Mr W had left to pay for PPI, so that the outstanding debt was the same as it would always have been if Mr W hadn't taken PPI out.

I've looked at the loan movements and I can see that NatWest restructured the loan as I'd expect it to in July 2013 – reducing the outstanding loan balance to £16,947.16.

A final settlement payment of £15,545.89 was then accepted in May 2014, and £1,401.27 was written off to bring the balance on the loan to £0.

But I'd also expect NatWest to give back everything Mr W paid for PPI up to the date it restructured the loan, together with 8% per year simple interest to compensate Mr W for not being able to use the extra money he paid.

The loan was the last in a chain of six loans. This means that each new loan in the chain refinanced the previous loan. And I'd expect NatWest to take account of everything Mr W paid for PPI with all six loans in working out how much to pay Mr W back.

After deducting any outstanding debt Mr W owed it, NatWest issued cheques for £7,890.06 and £116.03. It's also recently offered a further £211.70 after reviewing its original calculation.

I've looked at NatWest's latest calculations and I can see that it's worked out how much to pay Mr W back by following the approach I'd tell it to follow.

Overall, I'm happy that NatWest has done what I'd expect it to do to put the mis-sale of PPI right. And I think its latest offer to pay another £211.70 is fair.

I understand that Mr W's representative thinks NatWest should've used the PPI redress to reduce the outstanding balance on the loan. But this isn't what I'd expect it to do. As I've explained, I'd expect it to reduce the outstanding loan balance to the amount it would always have been without PPI and then give everything back Mr W paid for PPI with some interest. This is what NatWest has done, so I don't think it needs to offer to do more now.

Mr W's representative has also said that NatWest's latest offer to pay a further £211.70 should be doubled.

NatWest has made its latest offer because it's worked out that it underpaid the PPI redress by £177.47 in 2013. The remaining £34.23 is interest on the underpaid amount, to compensate Mr W for the time he couldn't use the extra PPI redress.

So it seems the loan balance should've been £177.47 lower when Mr W came to settle it in May 2014. But Mr W only paid £15,545.89 of the £16,947.16 loan balance. NatWest wrote off the remaining £1,401.27. And as NatWest wrote off more of the loan balance than it underpaid Mr W in PPI redress in 2013 *and* it's offering to pay Mr W the extra PPI redress with interest, I don't think it needs to do more.

has Mr W paid £478.07 for the current account debt twice?

I understand that the current account formed part of Mr W's bankruptcy.

I've seen screenshots showing that the current account had an outstanding debt of £478.07 until the PPI redress was paid in July 2013. After this, the current account balance was £0.

Mr W paid NatWest £15,545.89 for his debts in May 2014. The screenshots I've seen show that all the money Mr W paid was used to reduce the loan balance. None of the money Mr W paid in May 2014 was used to reduce any debt on the current account – there was no debt on the current account at that time.

From what I've seen, I'm happy that Mr W only paid off the £478.07 debt on the current once, and that was in July 2013.

I also think it was fair for NatWest to reduce the debt Mr W owed it on the current account to £0 before paying the rest of the PPI redress to the trustee.

has NatWest offered enough compensation for any trouble and upset caused?

Mr W's representative thinks the £100 NatWest has offered is too low. I agree. I think NatWest could've handled the complaint better than it did. It should've fully responded to the trustee's and Mr W's representative's questions, and properly explained the way it intended to put things right for Mr W.

If it had done so, any confusion could've been avoided or cleared up much sooner.

I think NatWest should pay £250 for the trouble and upset its complaint handling has caused.

### **my final decision**

For the reasons I've explained, my final decision is that National Westminster Bank Plc has offered enough to put the mis-sale of PPI right. So I don't think it needs to offer more.

But I've decided that National Westminster Bank Plc should pay Mr W £250 in compensation for the trouble and upset it's caused in the way it's handled this complaint.

I now direct National Westminster Bank Plc to update and pay Mr W the outstanding PPI redress, and to pay Mr W £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 January 2017.

Kyley Hanson  
**ombudsman**