

complaint

Mr O complained he was mis-sold payment protection insurance (PPI) with a credit card with Capital One (Europe) plc (Capital One).

background

Capital One agreed that Mr O had been mis-sold PPI and made him an offer of £441.54 in November 2014.

Capital One said that because Mr O had outstanding debt owed to it, it would use the amount of the offer to pay arrears.

Mr O said that he had an agreement with Capital One that he paid a certain amount off these arrears and they would no longer pursue the debt. So he wanted the whole amount of the offer paid to him.

Our adjudicator didn't uphold this complaint. Mr O didn't agree with the view and the matter has been passed to me to make a final decision.

my findings

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

Capital One has agreed that the policy was mis-sold so I am not going to look at how the policy was sold but whether the offer was fair.

I think the offer was fair and I would like to explain why below.

We expect Capital One to put the customer back in the position they would have been in, if they had taken the credit card without PPI. This means we expect it to refund the PPI premiums and interest and pay a further 8% simple interest to compensate the consumer for the time he was out of pocket.

Capital One worked out that Mr O had paid £278.17 in PPI premiums. It then added charges of £20 and interest on the premiums of £40.91. Finally it worked out that 8% interest was £127.82 and added that. After tax was deducted the total offer came to £441.54.

I have considered the way Capital One worked out this offer and I think it is fair and in line with what I would expect it to do.

Mr O said that Capital One couldn't use the money to pay against outstanding arrears because he had settled this account. He said that in November 2011 he paid £661.85 to Capital One and he showed us a letter dated September 2011, where it said the payment would be "*in settlement of your account and we will not pursue the balance further*", the letter also said "*if you pay the amount your account will be closed and your credit file will show the balance is satisfied*". So, because of this letter, Mr O thinks the money should be paid to him.

I have carefully thought about this. I understand that Mr O thought the debt was paid off from the way Capital One phrased the letter and I can see that this may have been confusing. But just because Capital One said it would no longer pursue the debt, doesn't mean the debt no

longer exists. We asked Capital One to provide more information and it told us that the outstanding arrears were £1,323.70 of which Mr O paid 50%. This meant that, although they agreed not to chase the debt, 50% of the debt remained outstanding. If debt is outstanding it is a sum owed to Capital One and they are entitled to use the compensation to apply against the arrears. Because of this, I think what Capital One did is fair and I won't be telling it to pay the offer to Mr O.

I have also thought about whether Mr O should be paid more compensation, for example if the way Capital One sold the policy or handled his case meant he was affected in other ways which were not just financial. I have considered the case and I cannot see that Mr O has been affected in other ways, so I won't be telling Capital One to pay any more money.

my final decision

For the reasons I have set out above, I am not upholding this case against Capital One Europe Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 October 2015.

Miranda Bates
ombudsman