

complaint

Mr M says The Royal Bank of Scotland plc (RBS) mis-sold him a regular premium payment protection insurance (PPI) policy when he took out his credit card in 2000.

background

In 2000, it seems Mr M took out a credit card by post. When he phoned RBS to activate his credit card, it sold him a PPI policy.

Our adjudicator upheld Mr M's complaint but RBS doesn't agree with this. So I must now decide the complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account when reaching a decision on Mr M's complaint.

RBS needed to make sure Mr M understood he had a choice about buying the PPI policy. RBS says it would've been clear to Mr M he had a choice about buying the policy as its sales process would've made sure he did. Also, as Mr M didn't choose PPI on his credit card application form, he would've been aware it wasn't a condition of the credit and he had a choice about buying it. Finally, it would've given Mr M full information about the policy after he'd bought it.

Although RBS says it has the call Mr M made when he activated his credit card, it hasn't given us a copy. And it can't give us a copy of the script it would've used at that time. Finally, it hasn't given us anything that shows it's likely Mr M understood he had a choice about buying the PPI policy. Mr M didn't choose the PPI policy when he signed his credit card application form. He activated the credit card ten days after he applied for it. Nothing in Mr M's situation changed in that time, so I don't think it's likely he changed his mind about the PPI policy.

Finally, although RBS sent Mr M information about the PPI policy after he bought it, this wouldn't have made him aware of whether he had a choice to buy the PPI policy when he called RBS to activate his credit card. And I think Mr M would've relied more on what he was told on the phone by RBS than on information sent later.

Looking at everything given to me by Mr M and RBS, I can't say it's likely RBS made sure Mr M knew he had a choice about buying the PPI policy before it was added to his credit card account. So, for the reasons I've explained, I'm upholding Mr M's complaint.

what RBS should do to put things right

RBS should put Mr M in the financial position he'd be in now if he hadn't bought the PPI policy.

- A. RBS should find out how much Mr M would've owed when he closed his credit card account if the policy hadn't been added.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

RBS should then refund the difference between what Mr M owed when he closed his account and what he would've owed if he hadn't bought the PPI policy.

If Mr M made a successful claim under the PPI policy, RBS can take off what he got for the claim from the amount it owes him.

- B. RBS should add simple interest on the difference between what Mr M would've owed when he closed his account from when he closed it until he gets the refund. The interest rate should be 8% a year.[†]
- C. If – when RBS works out what Mr M would've owed each month without PPI – Mr M paid more than enough to clear his balance, RBS should also pay simple interest on the extra Mr M paid. And it should carry on paying interest until the point when Mr M would've owed RBS something on his credit card. The interest rate should be 8% a year.[†]
- D. RBS should tell Mr M what it's done to work out A, B and C.

[†] HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Mr M a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons I've explained above, I'm upholding Mr M's complaint. The Royal Bank of Scotland plc should calculate and pay Mr M compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 February 2016.

Chloe Wooles
ombudsman