

## **complaint**

Mr and Mrs G say Secure Trust Bank Plc ("Secure Trust") mis-sold them a payment protection insurance ("PPI") policy for Mr G.

## **background**

In 1983 Mr and Mrs G opened a joint OneBill account with Secure Trust to manage their household bills. They applied for the account during a meeting. Secure Trust sold them a PPI policy at the same time, which covered Mr G only. The policy could've covered the payments to the account if Mr G was too sick to work or if he had an accident. It also offered an amount towards funeral expenses.

Our adjudicator upheld the complaint. He didn't think Secure Trust made the cost of the PPI clear enough to Mr and Mrs G. And he didn't think they would've bought the policy if it had.

Secure Trust disagreed. It says the cost was variable depending on the amount of bills Mr and Mrs G had to pay each month - and that it was rarely the same from one month to the next. So, it says it wasn't possible to show the monthly cost of the policy at the time of sale due to the nature of the insurance.

## **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 our general approach to complaints about the sale of PPI on our website and I've taken this into account in deciding Mr and Mrs G's case.

I've decided to uphold this complaint.

Given the length of time that has passed, Secure Trust hasn't been able to provide much information from the point of sale. So I've had to weigh up what the parties have said with the available evidence to decide what I think is most likely to have happened.

Secure Trust was required to give Mr and Mrs G enough clear information about the policy so they could decide whether it was right for Mr G. This included clearly explaining the cost and benefits before they agreed to buy it. And I don't think it's likely Secure Trust did.

I don't have a copy of Mr G's PPI application form – or any quotes they may have been given at the time. But taking into account what we know about the way Secure Trust sold PPI with OneBill accounts – and from what Secure Trust has told us – I think it's likely Secure Trust would've explained the cost of the PPI as '4p for each £ unit required'.

I don't think there was a straightforward way for Mr and Mrs G to work out the likely cost of the policy based on this limited information. So I don't think it was clear enough. And I don't think they would've understood what the policy was going to cost them in real terms – whether monthly or over the long term. From what Mr and Mrs G have told us, they were clearly confused about the amount they would have to pay for the PPI.

I know Secure Trust says it didn't show the cost as an individual set monthly premium because the amount varied depending on the weekly or monthly payment to the account

(which changed depending on how much was needed to cover Mr and Mrs G's bills). But I don't think it did enough to make sure they understood the real cost.

Secure Trust says it would've also given Mr G an '*Evidence of Cover*' document and a policy booklet. But these documents didn't give any information about the cost. And both documents are undated in any event – so I can't be sure Mr and Mrs G saw these or that they were the applicable documents.

Overall, I don't think it's likely Secure Trust made the cost of the policy clear enough to Mr and Mrs G *before* they decided to buy it. I also don't think it's likely Secure Trust told them they'd have to keep paying the premiums if Mr G made a claim, making the benefit lower in real terms.

This means I don't think Mr and Mrs G were able to weigh up what they were getting for their money and whether the policy was worthwhile. And I don't think they would've bought it if they'd been given that chance.

I say this because Mr and Mrs G opened the account to help budget and manage their outgoings. This suggests to me that they may have felt a need to be careful with any unnecessary expenditure. So I think the cost of the policy would've been an important consideration for Mr and Mrs G when deciding whether or not to take it. Mr G also told us he had some sick pay and savings at the time.

Given the policy offered accident and sickness cover only, I don't think Mr and Mrs G would've thought the policy good value for them - or a necessary expense at that time. And Secure Trust hasn't put forward any clear or specific arguments to make me think they would have gone ahead to take it, if the cost and benefits *had* been made clear.

I know Secure Trust says it sent Mr and Mrs G letters about changes to the policy. But those letters are dated *after* it sold them the policy. So this isn't enough to fix any failings at the time of sale. I also note Mr G made a successful claim on the policy when he fell ill in 2012. But the fact he claimed on the policy doesn't change my decision. I have to look at the point of sale. And I still don't think Mr and Mrs G would've bought the policy if Secure Trust had given them all the information it should have.

This means I think Mr and Mrs G lost out as a result of what Secure Trust did wrong. So it needs to put things right.

### **what Secure Trust must do to put things right**

Secure Trust should put Mr and Mrs G in the position they'd be in now if they hadn't taken out PPI for Mr G. I understand the PPI policy was cancelled in 2013. So Secure Trust should:

- Pay Mr and Mrs G the amount they paid each month for the PPI
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mr G made a successful claim under the PPI policy, Secure Trust can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Secure Trust to take off tax from this interest. Secure Trust must give Mr and Mrs G a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons I've explained, I uphold Mr and Mrs G's complaint. Secure Trust Bank Plc must pay Mr and Mrs G the fair compensation I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 29 December 2015.

Joanna Brown  
**ombudsman**