

complaint

Mr H's complaint is about the amount of compensation National Westminster Bank Plc (NatWest) offered him to settle his complaint about the mis-sale of a payment protection insurance (PPI) policy.

background

Mr H complained about the mis-sale of PPI linked to his credit card. NatWest offered Mr H compensation of £410.97 to settle the complaint. But NatWest said it was setting this against the debt Mr H owed to the bank on his credit card.

Mr H wanted NatWest to pay the compensation directly to him. He said it was the PPI which had caused the debt on the card. Mr H also wanted extra compensation for the trouble and upset caused by the way NatWest dealt with his complaint.

The full background to this complaint is in my provisional decision issued in September 2015. I have attached a copy of that provisional decision and it forms part of this final decision.

my findings

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

I explained in my provisional decision why I thought the compensation offered by NatWest was fair. But I said it was unclear if the 8% simple interest had been calculated in line with what I would expect.

NatWest has replied saying that the 8% simple interest had been calculated from the date the premiums were paid up until the date of settlement.

Mr H has not made any comments or response to my provisional decision.

As there is no further evidence or information to make me reconsider any of my findings I confirm what I said in my provisional decision.

my final decision

My final decision is that the offer of compensation made by National Westminster Bank plc to Mr H for the PPI sold with his credit card is fair, subject to any update of the 8% simple interest to the final settlement date. And also that the compensation National Westminster Bank Plc owes to Mr H can be used to set off against the debt Mr H still owes on this credit card.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 13 November 2015.

Christine Fraser
ombudsman

Copy of Provisional Decision complaint

Mr H's complaint is about the compensation National Westminster Bank Plc (NatWest) offered to him to settle a complaint about the mis-sale of payment protection insurance (PPI).

background

Mr H complained about PPI linked to his credit card. In September 2012 NatWest offered to settle Mr H's complaint by paying him compensation of £410.97. But NatWest said it was setting this against a debt Mr H owed on his credit card.

Mr H was unhappy and wanted NatWest to pay any compensation directly to him. He said the cost of the PPI had caused him to default on his card payments. So Mr H wants all references to the debt removed from his credit reference. And he wants extra compensation for all the trouble and upset he says was caused by the way NatWest has dealt with this matter.

Our adjudicator said the offer was fair and there was no clear evidence NatWest had delayed the complaint.

Mr H is not happy with this and has asked for an ombudsman to look at his complaint.

my provisional findings

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

NatWest has offered to settle Mr H's complaint so I'm not looking at how the PPI came to be sold to Mr H. In this decision I'm only looking at issues related to the PPI compensation and what NatWest needs to do to put things right.

Mr H has already had two final decisions issued about complaints related to his credit card account. These covered the Consumer Credit Protection (CPP) on the account and also a complaint about the administration related to the account and the default notice. I can't consider anything that had been dealt with in those final decisions, as a final decision is the end of our process.

In this decision I'm looking at what NatWest should pay to Mr H to compensate him for the cost of the PPI. I will also consider whether Mr H suffered any other loss as a direct result of the PPI being added to the account.

The PPI was taken out in June 2007 and the premiums were added to the card account until April 2008 when Mr H cancelled the PPI policy. NatWest has worked out the total amount of the premiums charged and the interest added to the account as a result of those premiums. Its offer in September 2012 said these premiums and direct interest was a total of £379.86. NatWest also added some 8% interest to make its total offer £410.97.

In March 2009 Mr H cleared the full balance on the credit card. When he did this, any amount that may have been on the card still for the costs of the PPI were cleared. But this meant Mr H was out of pocket by this total amount from that time.

So I think NatWest should calculate the 8% simple interest on the total costs of the PPI from the date the account was cleared to the date of settlement. It isn't clear if NatWest has taken this approach in its calculation and offer when working out the 8% simple interest on the premiums and interest Mr H paid. So this may be a slightly different approach to what has been done before and may affect the amount of compensation due.

Mr H started spending on his card again in early 2010. He then stopped making regular repayments to his card account and it went into arrears and then default. Mr H says as he was owed money by NatWest for the PPI (and CPP) he stopped paying and his account should not have been defaulted.

Although Mr H was in dispute about the PPI and other charges related to the card he should have kept paying at least the minimum payment on the card until the matter was resolved. This is what he agreed to do when he entered into the credit agreement. In fact none of the debt which was owed on the card in 2010 was down to what he had previously paid for the PPI. As I have already said this was cleared in 2009. So this debt on the credit card was money spent by Mr H.

So I don't think that the PPI was the cause of the default or any associated costs. As I have said, the issues about the default and administration of the account have been addressed in another decision. So I'm not making any findings on this other than that the mis-sold PPI didn't cause the default or any consequential loss to Mr H.

Mr H did spend on his credit card, stopped paying and so owed a debt to NatWest. NatWest also owes money to Mr H for the cost of the PPI on the same credit card account. So I think it's fair for NatWest to use the compensation for the PPI which it owes to Mr H, against the debt Mr H owes to NatWest.

I've also considered in detail Mr H's submissions about the way NatWest dealt with his complaint about the PPI and the delays he says occurred. And I have also looked at all the information and evidence provided by NatWest.

In 2010 during a phone call Mr H raised the issue of PPI mis-sale on the account. His call was primarily about other complaint issues concerning his account. He was given information during the call on how to make a complaint about PPI. But he didn't take any action at that time. He says he raised his complaint during the call and that should have been enough.

Again in correspondence with a third party debt collector Mr H says the issue of a PPI complaint was made. In letters in May 2011 the third party does say they have passed the information on to NatWest.

I had also looked at the letter from NatWest dated 27 May 2011 that Mr H has sent to us. This seems to have been sent after some contact about a PPI complaint, possibly that referred by the third party debt collector. This letter from NatWest says not enough information has been provided to identify the correct account and investigate the complaint. It invites Mr H to complete a PPI questionnaire (that was enclosed) and send it back. The letter also says, in bold, that any correspondence previously sent has been returned and should be sent with the PPI questionnaire.

This letter of 27 May 2011 has no NatWest reference and suggests to me that at this time NatWest hadn't logged a complaint about PPI on its system. NatWest said it hadn't got

enough information to identify an account and investigate a complaint. It wasn't until Mr H came to the ombudsman service in July 2012 that full information was provided to NatWest so it could properly set up a complaint.

Whilst I can't be certain of what exactly was said during any telephone calls, overall I think Mr H raised a number of issues and complaints with NatWest. He was given information about what he needed to do to make his PPI complaint. But he didn't take the action suggested to him.

So overall I don't think NatWest did anything wrong in the way it progressed Mr H's PPI complaint. Once the PPI questionnaire and information was sent to NatWest in July 2012 a final response was issued in September 2012, just two months later.

I can understand Mr H was frustrated and annoyed that he had to follow processes to have his complaint looked at. But with the volume of PPI complaints businesses were looking at some sort of process had to be carried out. So I don't think it is fair to blame NatWest for any delays or misunderstandings.

Overall I think the offer of NatWest to refund the premiums and interest paid by Mr H is fair. But subject to any further information received I am intending to direct NatWest to update its offer. This is to make sure the 8% simple interest is paid on the amount Mr H has been out of pocket since he cleared his card balance in 2009 until the date of settlement. I have explained the reasons why I think this is fair.

I also think it's fair that NatWest can use the PPI compensation to set against the debt Mr H still owes the bank on this credit card account. If the total PPI compensation is more than the debt that is still outstanding on the credit card account, then the balance should be paid direct to Mr H.

I am not intending on the evidence I have seen so far to make any further awards of compensation in this case.

my provisional decision

For the reasons set out above, but subject to both parties' response to this provisional decision, I'm satisfied the offer by National Westminster Bank Plc to refund the premiums and interest paid by Mr H is fair. But I intend to direct the 8% simple interest should be updated as I have explained. And also that the compensation National Westminster Bank Plc owes to Mr H can be used to set off against the debt Mr H still owes on this credit card.

Both parties should submit any further comments or information before the date stated at the start of this decision.

Christine Fraser
ombudsman