

complaint

Mrs T say Secure Trust Bank Plc (Secure Trust) (trading as Moneyway) mis-sold her a payment protection insurance (PPI) policy.

background

In 1996, Mrs T opened a One Bill account with Secure Trust to manage her household bills. At the same time, Secure Trust sold her a PPI policy.

The cost of the policy is set out as 7.5p per £1 unit. The policy benefit would cover all the household bills that were being paid from the One Bill Account. It covered Mrs T if she couldn't work because of accident or sickness for up to 26 weeks per claim. And up to 52 weeks if she lost her job. The policy also provided funeral expenses cover.

Our adjudicator upheld Mrs T's complaint because she thought Secure Trust didn't make the cost of the policy clear enough to her. She also thought that if Secure Trust had made the costs clearer Mrs T wouldn't have taken the policy out. Secure Trust disagreed. It says it gave Mrs T enough information about the policy.

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 in deciding Mrs T's case.

I've decided to uphold Mrs T's complaint.

Because the sale took place so long ago, Secure Trust told hasn't been able to find the application form it said Mrs T would've completed in 1996. Instead, it's sent us examples of a policy booklet it says would've been used at the time. And given us copies of letters it says were sent to Mrs T during the life of the policy.

I don't have any evidence to say that Secure Trust advised Mrs T to take out the policy. This means it didn't have to make sure the policy was right for her. But it did have to give Mrs T enough clear information so that could make an informed choice about the insurance she was buying. I don't think Secure Trust did this well enough.

I say this because from looking at the paperwork Secure Trust has given us, the cost of the policy was only presented in terms of pence per £1 covered. So I think Mrs T would have found it difficult to work out the likely overall cost of the policy based on just this. I haven't seen any evidence to suggest that Secure Trust would've explained this in more detail before selling the policy to her.

Secure Trust has argued that because the PPI covered all Mrs T's household bills which varied from month to month it wasn't possible to give her a quote for the likely monthly cost of the policy. But without a clearer idea of the likely overall cost of the policy, I don't think Mrs T would've found it easy to understand how much she'd be paying for the policy.

Secure Trust has also pointed out that it regularly updated Mrs T about any changes regarding the cost and benefits to the policy throughout the life of the insurance. And it's given us copies of letters it says it would've sent to Mrs T. But even if I accept that Mrs T did receive these, they were sent *after* the policy was sold and the cost of the insurance was still presented in terms of pence per £1 covered.

Weighing everything up, I don't think Secure Trust made the true cost of the benefit clear to Mrs T at the time when she decided to take it out. So she couldn't make an informed choice about the insurance she was buying.

I've also kept in mind that Mrs T was setting up a credit facility to help manage her monthly bills, which suggests to me that she wouldn't have considered herself to be in a strong financial position. So I think cost would've been an important consideration for her.

Overall, I don't think Mrs T would've taken out the PPI if she'd properly understood the cost and benefits. This means Mrs T is worse off as a result of what Secure Trust did wrong, so it should put things right.

I know there is a dispute about whether Mrs T agreed to take out the policy. And Mrs T says she didn't need it. But I've not made a finding on these points because the reasons above are enough to make me think Mrs T's complaint should be upheld.

what Secure Trust should do to put things right

Mrs T should be put back in the position she would have been in now if she had taken out the One Bill account without the PPI policy and the policy should be cancelled, if it hasn't been cancelled already.

Secure Trust should pay back to Mrs T all the premiums paid towards the policy from the date it started to the cancellation date. Secure Trust should also pay Mrs T 8% simple interest[†] on each premium paid, from the date it was paid until the date she gets it back. Secure Trust should explain to Mrs T how it has worked this out.

If any successful claim was made under the policy, Secure Trust can take off the claim amount from the amount it owes her.

[†] HM Revenue & Customs requires Secure Trust to take off tax from this interest. Secure Trust must give Mrs T a certificate showing how much tax they've taken off if she asks for one.

my final decision

For the reasons I've explained, I've decided to uphold Mrs T's complaint. I direct Secure Trust Bank Plc to pay Mrs T compensation as set out in this decision.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs T to accept or reject my decision before 9 November 2015.

Sharon Kerrison
ombudsman