

## **complaint**

Miss M has complained that she was mis-sold a payment protection insurance ("PPI") policy by Canada Square Operations Limited ("Canada Square"), trading as Egg.

## **background**

Miss M took out a credit card with Canada Square in May 2006 and took out a PPI policy to protect her payments. The policy ran until October 2006. In total Miss M paid £22.67 in premiums and this was refunded to her when she cancelled the policy.

Miss M complained that PPI had been mis-sold and in October 2012 Canada Square upheld her complaint. But it didn't offer to pay her any compensation as it said Miss M had made a successful claim on her policy for £22.67. Miss M said she hadn't made any claim and Canada Square had got this wrong, so she brought her complaint to this service.

In March 2013 Canada Square told us it had made a mistake and that Miss M should've been told that she wasn't due compensation as she'd already got a refund of premiums. In February 2015 Canada Square offered to pay Miss M £10 because their first offer letter was wrong.

One of our adjudicators looked at the complaint and thought that Canada Square's offer was fair. Miss M disagrees and says that Canada Square should pay more compensation, so the case has been passed to me for 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.

As Canada Square has offered to pay Miss M compensation as if I'd found it had mis-sold PPI, I'm not going to look at how PPI came to be sold. But I do need to consider whether Canada Square's offer is fair.

I think the offer is fair and I'd like to explain why.

On a credit card, PPI is charged every month as a percentage of the card balance and is added on to the outstanding balance to be paid. If the outstanding balance isn't paid off then interest is charged, and some of that interest relates to the PPI premium that had been added on. So, when we look at a credit card, we expect a business to remove from the account the charges for PPI, any interest paid on the charges and any further charges caused by the PPI.

If, when this is taken off, someone paid more than they needed to clear their balance we expect a business to pay interest on the extra amount for the time they are out of pocket at the rate of 8% a year simple interest. But if someone never cleared their balance, even when PPI has been taken off, they would've still owed something on their credit card. So they wouldn't be out of pocket because of PPI and I wouldn't expect them to get any 8% simple interest.

Here Miss M took out a new card and immediately transferred a balance onto it. I've seen that she wasn't charged interest when she had PPI on her account. Canada Square

refunded to her what she'd paid for PPI in October 2006, so it's removed from the account everything she paid for PPI. And as she didn't clear her balance whilst she had PPI on her account I don't think she was ever out of pocket, so Canada Square don't need to add 8% simple interest.

Miss M would like more compensation for the trouble and upset she says been caused by Canada Square giving her wrong information. She says she called Canada Square after she got its first offer to say she hadn't made a claim. Miss M has told us she didn't get a response.

Canada Square has a record of Miss M calling in November 2013 and it says she was told then that she'd already been refunded her PPI premiums. It says that, as she'd only paid £22.67 for PPI, it wouldn't be reasonable for the payment for Miss M's trouble and upset to be larger. There isn't a recording of this call, so I don't know what was said, but I note that Canada Square told this service of its mistake in March 2013.

Although £10 is a small award, on balance I think it is fair in the circumstances. I think Canada Square told Miss M of its mistake within a reasonable time and I've taken into account that Miss M wasn't out of pocket when she first complained about PPI. Given the small amount Miss M paid for PPI I think £10 is fair.

#### **my final decision**

For the reasons set out above I direct Canada Square Operations Limited pay Miss M £10.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 November 2015.

Mark Hutchings  
**ombudsman**