

## **complaint**

Mr P says that NewDay Limited (NewDay) mis-sold him a regular premium payment protection insurance (PPI) policy.

## **background**

NewDay sold Mr P the PPI for a credit card in 2000. The PPI included accident, sickness and unemployment cover.

Our adjudicator thought Mr P's complaint should be upheld. NewDay didn't agree and so the complaint comes to me to decide.

## **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 Mr P's complaint.

Our adjudicator gave NewDay three reasons why they felt Mr P's complaint should be upheld. The first two reasons were that NewDay hadn't made clear to Mr P the PPI was optional. And that NewDay hadn't properly highlighted that existing health issues weren't covered by the PPI.

NewDay didn't agree with these two reasons. But I don't need to make a decision about them, because of what I decide below.

The adjudicator's third reason was that Mr P told us he had two jobs at the time he took PPI. Our adjudicator thought this would make it very difficult for Mr P to claim under the PPI.

When Mr P first filled in our PPI complaint questionnaire he couldn't remember when the PPI was sold, so didn't tell us what his job was at the time. We then told Mr P's representatives when the PPI was sold. And we asked them to tell us if Mr P had a job at that time.

Mr P then gave us the names of the two employers he worked for at the time. He said he was working for more than 16 hours a week in each job. And I can see that the jobs were working in the same kind of industry.

NewDay sent us a copy of Mr P's credit card application from the time. The form's only got room for information about one job to be given. And I can see Mr P filled in the information about one of the two jobs he's told us about.

I think what Mr P's told us about having two jobs at the time is both plausible and persuasive. And NewDay didn't disagree when our adjudicator told them Mr P had two jobs. So taking everything into account, I think Mr P did have two jobs at the time he took PPI. And that he worked more than 16 hours a week in each job.

NewDay had to give Mr P fair, clear and not misleading information about the PPI. I've not seen anything that would've clearly highlighted the PPI's main benefits, exclusions and limitations to Mr P. Or anything that clearly explains the PPI cost would have interest added to it if the monthly balance wasn't fully paid.

So I don't think Mr P was given enough proper information about the PPI before he decided to take it. But I must decide if Mr P lost out as a result - would he have taken PPI if he'd been given enough proper information about it?

As I've said, Mr P had two jobs at the time. But to be able to claim for unemployment under the PPI, Mr P would have to be registered with the Employment Service. And getting job seekers allowance or national insurance credits.

As Mr P had two jobs I think it would've been unlikely he'd be unemployed from both at the same time. So Mr P wouldn't have been able to register as unemployed/be paid job seekers allowance or national insurance credits. So I think it would've been very difficult for Mr P to make an unemployment claim under the PPI.

NewDay said Mr P would've been given the document about the PPI that explained all of this. I've seen that document. Nothing in it clearly highlights the issues I've talked about. And from what NewDay have said about how the PPI was sold I think this would've been sent to Mr P after he'd decided to take PPI. And Mr P needed to be properly told these things *before* he decided to take PPI.

If Mr P had been properly told about the PPI before he took it, I think he would've realised it'd be very difficult for him to claim for unemployment. So I think Mr P did lose out because NewDay didn't properly tell him about the PPI. Because I don't think he would've wanted to pay for cover a large part of which he probably wouldn't benefit from.

And so for the above reasons I uphold Mr P's complaint.

### **what NewDay should do to put things right**

NewDay should put Mr P in the financial position he'd be in now if he hadn't taken out PPI.

- A. NewDay should find out how much Mr P would have 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.

NewDay should then refund the difference between what Mr P owed when he closed his account and what he would've owed if he hadn't had PPI.

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

- B. NewDay should add simple interest (at 8% a year) on the difference between what Mr P would've owed when he closed his account from when he closed it until he gets the refund.<sup>†</sup>
- C. If – when NewDay works out what Mr P would have owed each month without PPI – Mr P paid more than enough to clear his balance, NewDay should also pay simple interest (at 8% a year) on the extra Mr P paid. And it should carry on paying interest until the point when Mr P would've owed NewDay something on his credit card.<sup>†</sup>

D. NewDay should tell Mr P what it's done to work out A, B and C.

† HM Revenue & Customs requires NewDay to take off tax from this interest. NewDay must give Mr P 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 uphold Mr P's complaint.

NewDay Limited should pay Mr P compensation in line with the above instructions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 July 2016.

Julian Cridge  
**ombudsman**