

complaint

Mr E complains that American Express Services Europe Limited mis-sold an insurance policy to him.

background

Mr E had an insurance policy that provided cover for everyday items such as jewellery, watches and electronic gadgets.

American Express says Mr E took out the policy following a phone call made on its behalf, and the sales adviser wouldn't have sold the policy without Mr E's express consent. Mr E says he never received any policy documents and didn't know he had this cover until he noticed it recently on his credit card statements. He says he didn't consent to the policy being issued, didn't need it, and has never used it. He would like his premiums to be repaid.

Our adjudicator thought the complaint should be upheld, but American Express disagrees and has requested a review.

my findings

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

There's no recording of the phone call, but American Express says no customer would be enrolled into one of its products without their express consent. Without the call recording I can't say with any certainty whether Mr E gave his express consent.

The sale was some time ago, so it's possible that American Express did get Mr E's consent and he simply doesn't remember the conversation now. But even if Mr E did agree to take out the policy, it could still have been mis-sold to him. American Express had a duty to provide information that was clear, fair and not misleading. In particular, I'd expect it to draw his attention to any significant features of the policy. American Express has provided a copy of the sales script used at the time. But this doesn't guarantee that the sales adviser followed that script; they may nevertheless have provided incomplete or misleading information. And there are a number of factors that lead me to believe it's unlikely Mr E did want the policy.

The phone call took place just a few days before Mr E moved house. He says he wouldn't have bought a new product just before moving. If he had done so, I'd expect him to mention that he was moving house, and provide his new address. Yet the letters that American Express says it sent to Mr E went to his old address. He says he never received them.

Mr E would have been told that full details of the policy were to be sent to him. I think it would be odd if Mr E took out the policy, didn't receive any policy documents, but didn't contact American Express to say he hadn't received anything, or ask for further copies.

Mr E has also explained that he has similar cover through his bank. The only other item that might have needed cover was his laptop – but that's insured by his employer. Items above £250 in value had to be registered but Mr E didn't register anything. He says any items he owns that are worth less than £250 have such little value he wouldn't bother to insure them. And he hasn't made any claims on his policy.

It seems to me that Mr E didn't need the policy. If he had received adequate information about the cover provided, I don't think he would have bought it. So I think the policy was mis-sold, and Mr E has been paying for a policy that he didn't need.

fair compensation

I understand the policy has now been cancelled so there will be no more premiums to be deducted from Mr E's account.

American Express should put Mr E back in the position he would have been in if he hadn't taken out the policy, and refund the premiums he's paid from the time it was sold. If Mr E has paid interest on the premiums as a result of them being deducted from his credit card account, the interest he's paid on them should also be refunded.

American Express should pay interest at 8% per year simple on the above amounts from the date when they were deducted until the date they are paid.

my final decision

I uphold Mr E's complaint against American Express Services Europe Limited and direct it to comply with the compensation award set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 8 April 2016.

Peter Whiteley
ombudsman

* HM Revenue & Customs requires American Express Services Europe Limited to take off tax from this interest. American Express Services Europe Limited must give Mr E a certificate showing how much tax it's taken off if he asks for one.