

complaint

Ms M's complaint is about the mis-sale of two payment protection insurance (PPI) policies and the way HFC Bank Limited has used the compensation it offered to put this right.

background

In 2013, HFC agreed to uphold Ms M's complaint that PPI had been mis-sold on her loan accounts ending *3333 and *9190. It offered to pay Ms M compensation to put her in the position she would've been in if the policies hadn't been sold. But HFC used the compensation to clear Ms M's outstanding debts with them before paying her what was left over (£72.72).

Ms M was unhappy with this. Ms M's representatives have said all her debts were cleared in 2010 when she successfully completed her individual voluntary arrangement (IVA). So they don't think Ms M has any outstanding debt with HFC.

Our adjudicator didn't uphold Ms M's complaint. As Ms M didn't agree the complaint 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 HFC has offered to settle the original complaint, I haven't looked at how the PPI was sold. But I have looked at whether HFC's offer was fair. I think it was and I'd like to explain why.

I understand Ms M doesn't dispute how HFC calculated its total offer of £1,652.81. But I've reviewed the method HFC used anyway to calculate this and think it's fair. I say this because HFC has worked out compensation in the same way I'd expect it to if I'd found it had mis-sold PPI.

I also think it was fair for HFC to use part of the compensation to clear Ms M's outstanding debt, before paying her the leftover compensation, in 2013. And I think this even though Ms M had successfully completed her IVA.

I don't agree with Ms M's representatives that completing her IVA meant she no longer owed HFC any money – only that HFC couldn't chase her to pay any outstanding debts. The debt Ms M had with HFC still existed and part of that debt was for PPI premiums that she hadn't paid. So I think it was fair for HFC to offset the money it owed Ms M against money she owed HFC. Otherwise Ms M would be getting a refund of PPI premiums that she didn't actually pay.

I've taken into account all of Ms M's representative's comments, including their request that we take consider the implications of a High Court case, *Green v Wright*. But these points don't change my conclusion. When coming to my decision I consider the law, good industry practice and the evidence. But ultimately, I have to decide what's fair and reasonable. And, as I've explained above, I think the way HFC has used the PPI compensation was fair.

my final decision

For the reasons I've outlined, I don't think HFC Bank Limited needs to pay Ms M any more to compensate her for the sale of her PPI policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 December 2015.

Helen Liburd
ombudsman