

complaint

Mr A is complaining that Santander UK Plc ('Santander') mis-sold him a payment protection insurance ('PPI') policy. He's unhappy with the amount it's offered him in compensation.

background

Mr A took out a loan through Santander in 2003. He took out a regular premium PPI policy at the same time.

In 2013 Mr A complained to Santander that it had mis-sold him PPI. Santander agreed and offered him £108.96 in compensation. Mr A didn't think this was fair. He said the loan was for £10,000 and he was paying it for eight years. He says he also paid for PPI during that time. So he doesn't think the amount Santander has offered reflects this.

Santander says that the PPI was cancelled after two months and Mr A only made two monthly payments of £30.55. So it says this is what it's offering to refund. It's also offering to pay him 8% simple interest per year on these payments for the time he was out of pocket. Mr A says he didn't cancel the PPI and says that Santander didn't tell him it was cancelled.

Our adjudicator thought Santander's offer was fair. She thought that Mr A had only had PPI for two months. So she thought Santander was offering to refund everything Mr A had paid for PPI. And it was compensating him for being out of pocket. Mr A didn't agree and asked for an ombudsman to review the complaint.

my findings

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

Santander has accepted that it mis-sold the PPI. So I haven't looked at how the policy was sold to Mr A. In this decision, I've looked at whether I think Santander's compensation offer is fair. I think it is and I'd like to explain why.

In a situation like this, I'd expect the bank to put someone in the position they would be in if they hadn't taken out PPI. Santander needs to refund all the premiums Mr A paid for PPI. Santander then needs to pay 8% simple interest per year for the time he was out of pocket.

Mr A says that the loan was for £10,000 and he paid it for eight years. And he doesn't think £108.96 reflects this. I accept that Mr A paid for his loan for eight years. But I don't think he had PPI all that time. Mr A took out a regular premium PPI policy and his monthly payments were separate to his loan repayments – Mr A paid £144.21 for his loan repayments and £30.55 for PPI. Mr A has given us account statements from 2007. And this shows that he wasn't paying for PPI then. So it appears to have been cancelled by then.

I can see that he took out PPI at the same time as the loan. But, from what I've seen, it looks like Mr A only made two monthly payments for PPI. So I think the policy was cancelled after two months.

Mr A says that he didn't cancel the policy. And he says that Santander didn't tell him the policy was cancelled. I don't know why the policy was cancelled. But I don't think that this affects the outcome in this case. As I said, Santander needs to put Mr A back into the

position he would be in had he not taken out PPI. I think Mr A only paid £61.10 for the policy. And Santander has offered to refund this. It's also offered to pay him 8% simple interest per year for the time he was out of pocket. So I think its offer puts Mr A back into the position he would be in had he not taken out PPI.

my final decision

For the reasons I've set out above, I think the amount Santander UK Plc has offered in compensation for mis-selling PPI is fair. If it hasn't already paid the compensation to Mr A, Santander should update it. And I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 April 2016.

Guy Mitchell
ombudsman