

complaint

Miss R has complained that The Royal Bank of Scotland Plc hasn't paid her fair compensation following a complaint about the sale of seven payment protection insurance (PPI) policies.

background

In 2012 Miss R wrote to RBS to say it had mis-sold her PPI with seven loans.

In response, RBS offered to put Miss R in the financial position she'd be in now if she hadn't had PPI.

Miss R has had ten loans with RBS. The last three loans didn't have PPI. But they refinanced loans that did – so they included some unpaid PPI from earlier loans. RBS took this into account when it wrote to Miss R. It sent Miss R a separate offer letter for each loan showing how much Miss R had paid for PPI – either because the loan had PPI or because it refinanced a loan that had PPI. Each offer letter included a form for Miss R to sign and return if she wanted to accept the offer. Miss R signed and returned all nine forms.

Miss R also contacted RBS to say it hadn't sent her an offer for loan ending 5562. This loan had PPI. RBS sent Miss R an offer for this loan a few days later. And Miss R signed and returned the form to accept the offer.

When RBS paid Miss R, it paid her less for loan ending 4357 than it said it would. So Miss R asked us to look at her complaint.

Miss R wants RBS to:

- pay her the difference between the amount she was offered and the amount she was paid;
- pay her compensation for the trouble and upset it's caused because of the mistakes it's made;
- pay her compensation for taking money for PPI with her last three loans.

my findings

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

When a consumer buys a single premium PPI policy (as Miss R did), they borrow extra to pay for it. If the policy's cancelled early, the consumer will usually get a refund for any unused cover – but it's often less than they still owe the business for PPI. And if they used one loan to repay another, the second loan is bigger than it would have been if they hadn't had PPI. Put simply, some of the cost of the PPI policy is rolled over into the next loan.

That's what's happened here. Miss R's last six loans with RBS were part of a chain – where one loan was used to repay another. And the first three loans in the chain had PPI. So loans 4, 5 and 6 were bigger than they would have been if Miss R hadn't had PPI with loans 1, 2 and 3. RBS has taken this into account when it's worked out what Miss R paid for PPI. It's refunded the extra she paid – and it's changed the amount Miss R has left to pay on loan 6

so that she's paying what she should have been paying all along. This is what I'd expect it to do. To be clear, it wasn't taking money for PPI unfairly or 'fraudulently' with loans 4, 5 and 6.

I can see that RBS has paid Miss R less for loan ending 4357 than it initially said it would. That's because this loan was refinanced with loan ending 5562 – and when RBS made its offer, it hadn't looked at loan ending 5562.

For the reasons I've explained above, the cost of the PPI policy for loan ending 4357 was actually rolled over into loan ending 5562. And RBS has refunded this as part of Miss R's compensation for loan ending 5562. That's why Miss R's PPI compensation for loan ending 4357 has gone down. I've checked a breakdown showing how RBS has worked out what Miss R paid for PPI with each loan. And I'm satisfied that RBS has paid Miss R fair compensation.

Finally, Miss R wants RBS to pay her compensation for the trouble and upset it's caused because of the mistakes it's made.

I appreciate that RBS didn't send Miss R an offer for loan ending 5562 when it sent her offers for the other loans. But I think this was a genuine mistake. RBS had already sent Miss R a list of all the loans she'd had with PPI – and this loan was included on that list. And as soon as Miss R told RBS that it hadn't made her an offer for this loan, it made her an offer and paid her days later.

RBS also explained to Miss R why her PPI compensation for loan ending 4357 went down in a letter dated 12 July 2012. So it again responded to Miss R's concerns very quickly.

Miss R is also unhappy with the way RBS paid her. It transferred the money into her bank account by making lots of small payments. I appreciate that this was confusing – but I'm satisfied that RBS paid Miss R everything it should have done.

So although RBS made some mistakes, it put things right quickly. And I don't think it needs to pay Miss R any more compensation.

my final decision

For the reasons I've explained, I think The Royal Bank of Scotland Plc has paid Miss R fair compensation so I don't direct it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 29 April 2016.

Christopher Reeves
ombudsman