

## **complaint**

Mr H complains that he was mis-sold a payment protection insurance (PPI) policy when he took out a credit card with NewDay Ltd, trading as People's Bank of Connecticut.

## **background**

Mr H applied for a credit card in 2000. At the same time he bought PPI to cover his repayments in the event that he was unable to work.

The monthly cost of the policy was 72p for each £100 Mr H owed on his account. If he'd successfully claimed on the policy, each month it would've paid out 10% of what he owed on the card when he stopped working for up to 12 months

Mr H says that he thought he had to have PPI to get his credit card. He also had other concerns, for example he made clear that he was self-employed and now thinks this would've made it difficult for him to make claims for unemployment. NewDay says that it gave Mr H enough information to decide if PPI was right for him.

Our adjudicator upheld Mr H's complaint. She thought that NewDay hadn't done enough to make the restrictions related to self-employment clear to him. NewDay disagreed and so the case has come 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 the 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 H's case.

I've decided to uphold Mr H's complaint.

From what I've seen in this case I'm satisfied that NewDay didn't provide advice about PPI to Mr H. But it still had to take reasonable steps to ensure that he had enough information to be able to make a decision about if the policy was right for him.

I've read a copy of the credit card application form that Mr H completed. This shows that Mr H opted to buy PPI. But it doesn't contain any information about the benefits or main exclusions of the policy. So while I'm satisfied that Mr H wanted cover, there's nothing on the application to indicate he would've had all the information he needed when making that decision.

NewDay told us which policy document Mr H would've received after he'd bought PPI and that he had enough time after the sale to cancel if he didn't think it was suitable for him. When I read the policy I noticed that there were important limitations on making claims for people who were self-employed.

The policy said being accepted as unemployed on the insurance would've required the *'bankruptcy or insolvency or the liquidation of your own business'*. It also says that Mr H would've had to produce a certificate from his accountant and the Inland Revenue to show that his business had stopped trading. These restrictions would've been important to Mr H because he told us that at the time of the sale that he was self-employed.

I think it would've been difficult for Mr H to make a claim for unemployment – far more so than for an employed person. In his profession Mr H is likely to have seen ups and downs in his business where at times he would've had little or no income. But he wouldn't necessarily have wanted or needed to cease trading completely.

I don't know exactly what information Mr H was given by NewDay before he bought the policy. But NewDay can't rely on Mr H reading information sent to him after the sale. And even if Mr H had been given a copy of the policy before he bought it, based on what NewDay has provided I think it would've been easy for him to have missed the terms that were important to him.

If NewDay had made sure that Mr H had the right information at the right time I don't think he would've bought the policy. I say this because I think he would've realised how difficult it would've been to make a claim for unemployment and so he would've decided the policy didn't offer him what he needed.

So Mr H has lost out as a result of what NewDay did wrong.

### **putting things right**

My understanding is that the credit card is still running but the PPI policy has been cancelled. NewDay should put Mr H in the financial position he would be in now if he hadn't taken out the PPI.

- A. NewDay should find out how much Mr H would owe on his credit card if the policy had not been added to it.

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 H owes and what he would've owed.

If Mr H made a successful claim under the PPI policy, NewDay can take what he was paid for the claim from the amount it owes him.

- B. If, when NewDay works out what Mr H would've owed each month without PPI, Mr H paid more than enough to clear his balance, NewDay should also pay simple interest on the extra Mr H paid. It should carry on paying interest until the point when Mr H would've owed NewDay something on his credit card. The interest rate should be 8% a year.<sup>†</sup>

- C. NewDay should tell Mr H how it has worked out A and B.

<sup>†</sup> HM Revenue & Customs requires NewDay to take tax from this interest. NewDay must give Mr H a certificate showing how much tax it has taken if he asks for one.

**my final decision**

For the reasons given above I uphold Mr H's complaint. I require NewDay Ltd to pay Mr H fair compensation, as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 August 2015.

Kevin Williamson  
**ombudsman**