

## **complaint**

Mr and Mrs M say that Northern Bank Limited (NBL) mis-sold them a regular monthly premium payment protection insurance (PPI) policy.

## **background**

NBL sold Mr and Mrs M the policy in Mr M's name with a 'FlexiLine Facility' in a meeting.

Our adjudicator upheld Mr and Mrs M's complaint but NBL disagreed with this. So, the complaint comes to me to decide.

## **my findings**

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

Mr and Mrs M said they took the FlexiLine Facility (FlexiLine) in 1991 and they gave us a copy of the credit agreement showing this, signed and dated in 1991. NBL said their records showed FlexiLine was originally opened for Mr and Mrs M in 1990. And that the 1991 credit agreement was most likely an increase in the 1990 FlexiLine's credit limit.

I've seen a copy of the computerised records NBL sent us and these show that Mr and Mrs M first took FlexiLine in 1990. So I agree with NBL and think that FlexiLine was first taken by Mr and Mrs M in 1990.

NBL don't know how or when PPI was added to Mr and Mrs M's account as their records only go back to 1999. So the earliest record they have of it being on the account is in 1999. But NBL accepts it's quite possible PPI was on the account before then.

Mr and Mrs M have sent us copies of bank statements (one from May 1993) all of which show PPI being taken from their account. So we know PPI was being paid from at least May 1993 onwards. Mr and Mrs M said they moved house in 1997 and so hadn't got many documents from before then.

Mr and Mrs M also sent us copies of their cheque book stubs showing them checking through the payments on their statements. So I think Mr and Mrs M kept good financial records and this has helped them remember some of the things that happened – even though it was a long time ago.

We know that PPI was being paid for in 1993 but there's no mention of PPI on the 1991 credit agreement. So I think the most likely time PPI would've been added was when the FlexiLine account was first opened. And so I think the PPI was added in 1990.

NBL had to make it clear to Mr and Mrs M that the PPI was optional and that they had Mr and Mrs M's agreement to add PPI to the account. But Mr and Mrs M complained they didn't know it was added to their account. And they've given us a lot of detail about what they say they did to try and remove the PPI from their account.

Mr and Mrs M said they only first knew they had PPI when they saw its cost being added on their bank statement. They told us they spoke to someone in their local branch and asked what the cost was for. And when they were told it was PPI they asked to cancel it but were told it was part of the account so couldn't be cancelled.

Mr and Mrs M said they tried a number of times to cancel the PPI when different things happened in their lives. And each time they were told by their local branch it was part of the account and couldn't be cancelled.

I've explained why I think Mr and Mrs M's memory of what happened is generally good. And I think what they've told us is plausible and persuasive.

Understandably NBL haven't been able to give us much detail about how the sale of PPI took place. They've sent us a copy of the type of account application form they say was being used in 1996. And this does have an option for the customer to say "Yes" or "No" to taking PPI.

But I don't think I can fairly rely on a sample application from 1996 to help me decide how the PPI was sold in 1990. And nothing else NBL sent or told us helps me understand how this policy was *actually* sold to Mr and Mrs M.

I think there's a good reason why Mr and Mrs M's memory of events from the time would be reliable. And because they kept good financial records I think their finances were important to them. So I think it's likely they would've remembered being told about PPI – and they say they weren't told.

Taking this all into account, I can't say it's likely Mr and Mrs M were told about PPI so it's likely it was added without their agreement in 1990. And so I uphold Mr and Mrs M's complaint for the reasons I've explained above.

### **what NBL should do to put things right**

NBL should put Mr and Mrs M in the financial position they'd be in now if they hadn't taken out PPI.

- A. NBL should find out how much Mr and Mrs M would have owed when they closed their FlexiLine account if the policy hadn't been added.

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.

NBL should then refund the difference between what Mr and Mrs M owed when they closed their account and what they would've owed if they hadn't had PPI.

If Mr M made a successful claim under the PPI policy, NBL can take off what he got for the claim from the amount it owes them.

- B. NBL should add simple interest on the difference between what Mr and Mrs M would have owed when they closed their account from when they closed it until they get the refund. The interest rate should be 15% a year until April 1993 and 8% a year from then on.<sup>†</sup>

- C. If – when NBL works out what Mr and Mrs M would have owed each month without PPI – Mr and Mrs M paid more than enough to clear their balance, NBL should also pay simple interest on the extra Mr and Mrs M paid. And it should carry on paying interest until the point when Mr and Mrs M would've owed NBL something on their FlexiLine account. The interest rate should be 15% a year until April 1993 and 8% a year from then on.<sup>†</sup>
- D. NBL should tell Mr and Mrs M what it's done to work out A, B and C.

<sup>†</sup> HM Revenue & Customs requires NBL to take off tax from this interest. NBL must give Mr and Mrs M a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons I've explained, I uphold Mr and Mrs M's complaint.

Northern Bank Limited should pay Mr and Mrs M compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 9 November 2015.

Julian Cridge  
**ombudsman**