

## **complaint**

Mr G complains that he was mis-sold payment protection insurance ("PPI") with his credit card. The policy was sold to him by People's Bank, however NewDay Ltd now have responsibility for this complaint.

## **background**

Mr G applied for a credit card by completing a postal application in April 1997 and bought PPI at the same time.

Mr G raised several complaint points. Amongst other things he says it wasn't made clear to him that the policy was optional or that he had to pay for it. He also says he couldn't have claimed on the policy as he was self-employed.

Our adjudicator upheld his complaint. NewDay doesn't agree, so the case 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. 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 this case.

I don't think Peoples Bank advised Mr G to take out the policy. However, they did have to give him clear, fair and non-misleading information to allow him to decide for himself if the policy was right for him.

Mr G was self-employed at the time of sale. I looked at the policy document and I can see that in order to make a successful unemployment claim he had to *"be entirely without work as a result of the involuntary winding up, liquidation or bankruptcy of your own business or proceedings being commenced by a third part to effect such status, and having filed your circumstances with the Inland Revenue"*.

This would've made it quite difficult for Mr G to make an unemployment claim. I think the most likely cause of Mr G wanting to claim on this cover, and when he would've expected the policy to pay out, would've been if he couldn't find enough work to pay for his business and living expenses. However, this wouldn't have been enough to make a claim.

NewDay says Mr G would've been sent a full policy document after the policy had been set up which would've allowed to him to check if the policy was suitable for him and to cancel it within a 30 day cooling off period if he didn't want it. However, I don't think NewDay can rely on documents which were sent to Mr G after he had already chosen PPI. The necessary information about exclusions should've been clearly drawn to his attention *before* he signed for the policy.

On balance I'm not persuaded that the exclusions were presented clearly enough to Mr G. And if he had realised how he would've been affected by these restrictions I think he wouldn't have bought the policy.

### **putting things right**

NewDay should put Mr G in the financial position he'd be in now if he hadn't taken out PPI.

- A. NewDay should find out how much Mr G would've owed when he closed his credit card 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.

NewDay should then refund the difference between what Mr G owed when he closed his account and what he would've owed if he hadn't had PPI.

If Mr G made a successful claim under the PPI policy, NewDay can take off what he got for the claim from the amount it owes him.

- B. NewDay should add simple interest on the difference between what Mr G would've owed when he closed his account from when he closed it until he gets the refund. The interest rate should be 8% a year.<sup>†</sup>
- C. If – when NewDay works out what Mr G would've owed each month without PPI – Mr G paid more than enough to clear his balance, NewDay should also pay simple interest on the extra Mr G paid. And it should carry on paying interest until the point when Mr G would've owed NewDay something on his credit card. The interest rate should be 8% a year.<sup>†</sup>
- D. NewDay should tell Mr G what it's done to work out A, B and C.

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

### **my final decision**

I've decided to uphold Mr G's complaint for the reasons I've explained. I direct NewDay Ltd to pay Mr G the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 January 2015.

Nina Walter  
**ombudsman**