

complaint

Ms M says The Royal Bank of Scotland plc (RBS) mis-sold her a regular premium payment protection insurance (PPI) policy when she took out her credit card in 2001.

background

In 2001, Ms M took out a credit card by post. When she phoned RBS to activate the credit card, it sold her the PPI policy.

Our adjudicator upheld Ms M's complaint but RBS doesn't agree with this. So I must now decide 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. We've set out our general approach to complaints about the sale of PPI on our website and I've taken this into account when reaching a decision on Ms M's complaint.

RBS needed to make sure Ms M understood she had a choice about buying the PPI policy. RBS says it would've been clear to Ms M she had a choice about buying the policy as its sales process would've made sure she did. Also, as Ms M didn't choose PPI on her credit card application form, she would've been aware she had a choice about buying it and that it was separate from the credit card.

RBS doesn't have a copy of the call Ms M made when she activated her credit card. And it can't give us a copy of the script it would've used at that time. Finally, it hasn't given us anything that shows it's likely Ms M understood she had a choice about buying the PPI policy. Ms M didn't choose the PPI policy when she signed her application form. Although RBS can't say for certain when Ms M bought the PPI policy, it's assumed she bought it about three weeks after applying for the credit card. Nothing in Ms M's situation changed in that time, so I don't think it's likely she changed her mind about the PPI policy.

Looking at everything given to me by Ms M and RBS, I can't say it's likely RBS made sure Ms M knew she had a choice about buying the PPI policy before it was added to her credit card account. So, for the reasons I've explained, I'm upholding Ms M's complaint.

what RBS should do to put things right

RBS should put Ms M in the financial position she'd be in now if she hadn't bought the PPI policy.

- A. RBS should find out how much Ms M would've owed when she closed her 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.

RBS should then refund the difference between what Ms M owed when she closed her account and what she would've owed if she hadn't bought the PPI policy.

If Ms M made a successful claim under the PPI policy, RBS can take off what she got for the claim from the amount it owes her.

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

[†] HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Ms M a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've explained above, I'm upholding Ms M's complaint. The Royal Bank of Scotland plc should calculate and pay Ms M compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 19 February 2016.

Chloe Wooles
ombudsman