

complaint

Mr G says AIB Group (UK) Plc ("AIB") mis-sold him a payment protection insurance ("PPI") policy.

This complaint is about a PPI policy taken out with a credit card.

background

I provisionally upheld this complaint in February 2016.

Neither AIB nor Mr G could confirm when the policy was added to Mr G's card. The earliest statement AIB could provide was from 2001, which showed Mr G did have PPI at this time. AIB told us it assumed the policy was added when the card started in May 1989.

I looked at the sample policy terms AIB provided and I didn't think Mr G was eligible for the cover at this time. Mr G said he left his job to go travelling that month. The policy terms AIB asked us to look at said you couldn't be aware of any pending unemployment, which I thought Mr G was. And as Mr G was going away travelling, I didn't think he would've thought he needed a PPI policy to protect his payments, as he wasn't going to be off work involuntarily or made unemployed while he was travelling.

I didn't think Mr G would've bought the policy if he'd realised he wasn't eligible for it. Or if he had fully understood what it was designed to cover him for. So, I thought Mr G had lost out because of what AIB did wrong.

Mr G responded to my provisional decision saying he had nothing further to add.

AIB responded to say it agreed with my provisional decision and made Mr G an offer.

my findings

I've re-considered all the available evidence and arguments to decide what is 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 G's case.

As Mr G had nothing further to add and AIB has made Mr G an offer, I'm upholding this complaint for the same reasons as set out in my provisional decision.

what AIB should do to put things right

AIB should put Mr G in the financial position he'd be in now if he hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. AIB should find out how much Mr G would owe on his credit card if the policy hadn't 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.

AIB should then refund the difference between what Mr G owes and what he would've owed.

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

- B. If – when AIB works out what Mr G would've owed each month without PPI – Mr G paid more than enough to clear his balance, AIB 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 AIB something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- C. AIB should tell Mr G what it's done to work out A and B.

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

my final decision

For the reasons I've explained, I uphold Mr G's complaint.

AIB Group (UK) Plc should pay Mr G compensation in line with the instructions 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 8 April 2016.

Amy Osborne
ombudsman