

complaint

Mrs T says that Barclays Bank plc (Barclays) mis-sold her a single premium payment protection insurance (PPI) policy with a loan.

background

Barclays sold Mrs T the PPI with a loan in 2008. The policy provided life cover.

Our adjudicator upheld Mrs T's complaint. Barclays didn't agree 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 Mrs T's complaint.

Barclays' said the PPI was sold online – which would suggest Barclays didn't recommend the PPI to Mrs T. But they also said they gave Mrs T enough information to decide if she wanted to decline Barclays' recommendation to take life cover.

I looked at the information we've been sent to decide if Barclays did or didn't recommend the PPI to Mrs T. Barclays sent us a copy of a letter they wrote to Mrs T. This contained a 'demands and needs' statement which said Barclays recommended the life cover to Mrs T because:

“You don't have life insurance to protect your borrowing after your death.”

So I think that Barclays *did* recommend the life cover to Mrs T. But I don't think they took adequate steps to make sure the cover was suitable, for the following reason.

From a customer's viewpoint life cover is used to protect their estate by repaying a debt if the customer died. But Mrs T took out a small loan over quite a short period. And if Barclays had properly advised Mrs T about the cover, they should've told her she didn't really need to take life cover for such a small/short loan.

So - having found the policy wasn't suitable for Mrs T - I now have to decide whether she lost out as a result. Would Mrs T have taken the policy if Barclays had properly advised her about it?

If Barclays had properly advised her, Mrs T would've known she was buying a policy that she didn't really need. So I don't think Mrs T would've taken the policy because I don't think she would've wanted to spend money on something that gave her no real benefit.

And so for the above reasons I uphold Mrs T's complaint.

what Barclays should do to put things right

Mrs T borrowed extra to pay for the PPI, so her loan was bigger than it should've been. She paid more than she should've each month and it cost her more to repay the loan than it

would've. So Mrs T needs to get back the extra she's paid.

So, Barclays should:

- Work out and pay Mrs T the difference between what she paid each month on the loan and what she would've paid without PPI.
- Work out and pay Mrs T the difference between what it cost to pay off the loan and what it would've cost to pay off the loan without PPI.
- Add simple interest to the extra amount Mrs T paid from when she paid it until she gets it back. The rate of interest is 8% a year[†].

[†] HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mrs T 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 uphold Mrs T's complaint.

Barclays Bank plc should pay Mrs T compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 30 December 2015.

Julian Cridge
ombudsman