

complaint

Mr S says that The Co-operative Bank plc (Co-op) mis-sold him a regular premium payment protection insurance (PPI) policy with a credit card.

background

Co-op sold Mr S the PPI with a credit card he took in 1998. The PPI included accident, sickness and unemployment cover and cost £0.67 for every £100 covered. Co-op said it would pay 5% of the outstanding monthly balance on the credit card for up to 24 months if Mr S made a successful accident or sickness claim. And up to 18 months for a successful unemployment claim.

Our adjudicator upheld Mr S's complaint because he didn't think the policy gave Mr S good value. Co-op didn't agree and so the complaint comes to me to decide.

my findings

I have 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 S's complaint.

Co-op had to give Mr S enough clear, fair and not misleading information about the policy so he could make a proper decision about taking PPI. They told us that Mr S had been sent the policy document with the credit card application form. And that this showed the PPI's costs and benefits.

I've looked at the documents Co-op say would've been given to Mr S. The PPI's cost is shown. But nothing clearly highlights that Mr S would have to pay interest on the PPI cost if he didn't pay the outstanding balance each month. So I don't think Co-op did do enough to give Mr S enough clear, fair and not misleading information about the policy before he signed the application.

Having found there were some information failings in how PPI was sold to Mr S, I now have to decide if he lost out as a result. Would Mr S have taken PPI if Co-op had given him enough proper information about it?

I've set out the PPI's cost and main benefits above. Mr S told us that at the time he had work benefits that gave 6 months full and 6 months half pay. So if Co-op had given him enough proper information, I think Mr S would've thought he was buying something that gave cover he didn't really need. And so I don't think Mr S would've taken the PPI because I don't think he'd have thought it was good value for money.

So for the above reasons I uphold Mr S's complaint.

what Co-op should do to put things right

Co-op should put Mr S in the financial position he'd be in now if he hadn't taken out PPI.

- A. Co-op should find out how much Mr S would have 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.

Co-op should then refund the difference between what Mr S owed when he closed his account and what he would have owed if he hadn't had PPI.

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

- B. Co-op should add simple interest (at 8% a year)[†] on the difference between what Mr S would have owed when he closed his account from when he closed it until he gets the refund.
- C. If – when Co-op works out what Mr S would have owed each month without PPI – Mr S paid more than enough to clear his balance, Co-op should also pay simple interest (at 8% a year)[†] on the extra Mr S paid. And it should carry on paying interest until the point when Mr S would've owed Co-op something on his credit card.
- D. Co-op should tell Mr S what it's done to work out A, B and C.

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

my final decision

For the reasons I've explained above, I uphold Mr S's complaint. The Co-operative Bank plc should pay Mr S compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 November 2015.

Julian Cridge
ombudsman