

## **complaint**

This complaint is about a payment protection insurance policy ('PPI') sold in conjunction with a loan by Canada Square Operations plc (trading at the time as Egg). It has upheld Miss B's complaint about the mis-sale of the policy but she is unhappy it used the redress for this to reduce the arrears on her loan account. Miss B believes when this was done the debt had been sold to a third party.

## **background**

Egg says the redress was paid to Miss B's loan account (which was in arrears) on 6 July 2011. It had reached an agreement to transfer its loan portfolio (including Miss B's debt) to a third party in May 2011. However, the accounts did not actually migrate until 10 July 2011. So it still owned the debt at the point the redress was paid. But it accepts there was a delay in informing Miss B of the decision on her complaint as it did not write to her about this until the end of July 2011.

Miss B says Egg wrote to her on 7 July 2011 to say no decision had been reached on her PPI complaint. So she questions how the redress can have been paid to her loan account the day before. She has also provided an account history from the company managing her account on behalf of the third party showing an adjustment was made to her account for a figure similar to that for the PPI redress in October 2011. Miss B does not believe Egg did apply the credit to her account on 6 July 2011 and believes this money should now be paid direct to her.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where a business is the contractual owner of a debt, a customer continues to owe money to it – so it may not be unreasonable to offset any PPI compensation due against any arrears owing on the account associated with this. But, in cases where a debt has been sold to a third party, the consumer no longer owes any money to it.

So in this case it does seem the key issue is whether Egg did still own Miss B's debt at the point the compensation was paid. And I accept there is some conflicting evidence in relation to this. In particular Miss B has drawn attention to the letter she was sent on 7 July 2011 and the account history the company managing her account provided.

I have carefully considered this. I appreciate if the letter Egg sent on 7 July 2011 is accurate it could not have paid the redress to her account the day before. But having reviewed the letter this appears to be a general update which contains no detailed information about her complaint. So I think it possible this was sent in error as part of a bulk mailing. And in relation to the account history Miss B provided, Egg says *"there was an issue with the balances on some of the migrated accounts which were purchased from Egg and they did not originally match our closing balance; therefore, [third party company] completed a clean up exercise which benefited the customer"*.

I accept this could be inaccurate but I note Egg has also provided screen shots showing the full history of Miss B's loan account. The final entry on this is recorded as 10 July 2011 so I think it most likely that is when the debt was sold to the third party. I also note a credit is

shown to the account on 6 July 2011 which matches the PPI redress. I have also seen a transaction history provided by the third party which now owns the debt. This also records the PPI payment as being credited to the account by Egg on 6 July 2011.

So, while I recognise it is possible the redress was not paid until later, taking into account all of the available evidence I think it most likely it was paid on 6 July 2011. And as Egg still owned the account at that time and this was in arrears I do not consider it acted unreasonably in using the redress against those arrears. I appreciate it then delayed in telling Miss B it had done so and what the decision on her complaint actually was. However, even if it had done so at the time the redress was paid I think it unlikely there would have been a different outcome because it does appear Egg did still own her debt at that time.

### **my final decision**

For the reasons set out above, I do not uphold this complaint and make no award against Canada Square Operations plc.

James Park  
**ombudsman**