

## **complaint**

Mr B says Barclays Bank PLC (trading as Barclaycard) mis-sold him a regular premium payment protection insurance ("PPI") policy in connection with a credit card in 2007.

## **background**

This final decision follows two provisional decisions issued by me in August and November 2018. In my most recent provisional decision, I explained why I was minded to uphold the complaint.

Both parties have confirmed that they have received my most recent provisional decision of November 2018.

## **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 this case.

I have also reviewed the further correspondence from both parties to decide what is fair and reasonable in the circumstances of this complaint.

Barclays has told us that it has considered the new evidence provided by Mr B and it now agrees the complaint should be upheld.

It follows that I have decided to uphold the complaint for the reasons set out above and in my provisional decision – a copy of my provisional decision is attached and forms part of this my final decision. I direct Barclays to pay Mr B fair compensation as set out below.

## **fair compensation**

Barclays should put Mr B 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. Barclays should find out how much Mr B 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.

Barclays should then refund the difference between what Mr B owes what he would have owed.

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

- B. If – when Barclays works out what Mr B would have owed each month without PPI – Mr B paid more than enough to clear his balance, Barclays should also pay simple interest on the extra Mr B paid. And it should carry on paying interest until the point when Barclays would've owed Mr B something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.<sup>†</sup>
- C. Barclays should tell Mr B what it's done to work out A, B and C.

<sup>†</sup> HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr B a certificate showing how much tax it's taken off if he asks for one.

### **my final decision**

For the reasons set out above and in my provisional decision of 20 November 2018, I have decided to uphold Mr B's complaint. I direct Barclays Bank Plc to pay Mr B fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 January 2019.

Jagdeep Tiwana  
**ombudsman**

### **PROVISIONAL DECISION**

I've considered the relevant information about the complaint made by Mr B. I'll look at any more comments and evidence that I get by 11 December 2018. But unless the information changes my mind, my final decision is likely to be along the following lines.

#### **complaint**

Mr B says Barclays Bank PLC (trading as Barclaycard) mis-sold him a regular premium payment protection insurance ("PPI") policy in connection with a credit card in 2007.

#### **background**

This complaint is about a credit card PPI policy taken out in 2007. The policy was added to Mr B's credit card account during a telephone call which took place approximately two weeks after he applied for the credit card.

This provisional decision follows an earlier provisional decision issued by me in August 2018. In my provisional decision, I explained why I was minded not to uphold the complaint.

In response to my provisional decision, Barclays said there had been no confirmation as to whether Mr B had been a full-time or part-time student at the time of sale.

As a result of this, Mr B was asked to provide further evidence. Mr B has now provided confirmation from the university he attended which shows that he was a full-time student on a three year degree course between 2005 and 2008.

### **my provisional 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 this case. I have also considered the new evidence provided by Mr B.

Having done so, I'm currently minded to uphold Mr B's complaint and I've set out my reasons below.

Barclays says it recommended the PPI to Mr B, This means it had to ensure the policy was suitable for Mr B's needs. Having looked at Mr B's circumstances at the time of sale, I'm currently satisfied the PPI policy was not suitable for him. This is because Mr B was on a three year degree course between 2005 and 2008. So he was a full-time student at the time of sale, although he was also working part-time.

Under the terms of the policy, in order to make an unemployment claim, Mr B was required to be "*registered for work with the Department for Work and Pensions*" or able to provide Barclays "*with satisfactory alternative proof*" that he was "*actively seeking work*".

The definition of "*unemployed*" is:

*"you are not working and are available for, capable of and actively seeking employment. You must be registered for **work** with the Department for Work and Pensions or relevant agency and receiving a form of Jobseeker's Allowance as defined by the relevant acts and/or regulations; or receiving credits for National Insurance contributions because **you** meet the conditions for Jobseeker's Allowance, although **you** do not receive it or are in receipt of Income Support benefits. If **you** are ineligible for Jobseeker's Allowance **you** must be able to provide us with satisfactory alternative proof that you are actively seeking work."*

As Mr B was a full-time student, I don't think he would have met the definition for an unemployed person if he'd lost his part-time job. This means he was unlikely to be able to make an unemployment claim under the terms of the policy. I think this would have mattered to Mr B and I think this made the policy unsuitable for him. I don't think Barclays should have recommended the policy to Mr B and I think he has lost out as a result of Barclays' actions.

It follows that I am currently minded to uphold Mr B's complaint and direct Barclays to pay him fair compensation as set out below.

### **fair compensation**

Barclays should put Mr B 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. Barclays should find out how much Mr B 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.

Barclays should then refund the difference between what Mr B owes what he would have owed.

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

- B. If – when Barclays works out what Mr B would have owed each month without PPI – Mr B paid more than enough to clear his balance, Barclays should also pay simple interest on the extra Mr B paid. And it should carry on paying interest until the point when Barclays would've owed Mr B something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.†
- C. Barclays should tell Mr B what it's done to work out A, B and C.

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

**my provisional decision**

My provisional decision is that I currently intend to uphold Mr B's complaint and direct Barclays Bank PLC to pay fair compensation as set out above.

I now invite all parties to provide any further submissions they may wish to make, in writing by 11 December 2018, after which I will issue my final decision.

Jagdeep Tiwana  
**ombudsman**