complaint

Mr S complains that he was mis-sold a regular premium payment protection insurance (PPI) policy when applying for a loan in January 2009. He says that Santander UK Plc ("Santander") mis-sold the policy to him.

background

Having looked at the case, the adjudicator thought the policy had been mis-sold and so upheld the complaint. Santander doesn't accept that and has asked an ombudsman to look at the case.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've followed our usual approach to PPI complaints, which everyone can read on our website. I need to decide whether Santander did something wrong when it sold this policy. If so, I then need to decide if that left Mr S worse off, and so if Santander needs to do something now to put things right.

I've decided to uphold Mr S's complaint, which I'll explain below.

Everyone agrees that Mr S bought this PPI on the internet and that Santander didn't give him a recommendation. That means that is needed to give him the information he needed to decide for himself whether or not the policy was right for him.

did Santander provide clear, fair and not misleading information?

Having looked at all the evidence, I don't think that Santander made the cost and benefit of this policy clear to Mr S when he agreed to buy it. I've been given sample screen shots showing the information that Mr S should have seen when he agreed to take out the policy. The cost of the PPI is not mentioned anywhere, and nor is the benefit. Santander has told us that there was a calculator tool available for the customer's use which would have given:

> *"…typical prices for the loan repayments and PPI repayments."*

But that isn't the same as Mr S being clearly told how much the PPI would cost him. Santander also accepts that Mr S wouldn't have had to use the tool before agreeing to take the cover. In fact, I can't see a link to this calculator from the internet screen dealing with the PPI. So I don't know how Mr S would have found this tool or whether he'd have understood that it would only give him an estimate of the PPI cost.

Once the application had been processed, the loan details were confirmed and sent to Mr S for signature on a loan agreement. This sets out the cost of the borrowing, monthly payments etc. But there's no mention of PPI at all on the agreement signed by Mr S.

Santander has provided a sample "protecting your loan" covering letter which it says would have been included with the loan agreement, setting out the cost of the policy. I can see that this sample letter doesn't say what the benefit of the policy is. And as it's only a sample, I don't know whether Mr S ever got this information. It also wouldn't have been sent to Mr S until he'd already agreed to take the PPI.

Overall, I don't think Santander did at any point give Mr S clear, fair and not misleading information about what he would have to pay for this insurance (about £81 per month). Or what benefit he would get if he made a successful claim.

would Mr S have acted differently had the cost and benefit been clear?

I don't think Mr S would have bought this policy if the cost and the benefit had been clear to him. I don't think he would have thought it was good value for him. It therefore follows that I uphold this complaint.

putting things right

There has been some confusion about whether this policy was a single premium or regular premium one. Santander says it was a regular premium, and having looked at the policy summary and sample documents, I agree.

Santander should put Mr S in the 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 Santander should:

- Pay Mr S the amount he paid each month for the PPI
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mr S made a successful claim under the PPI policy, Santander can take off what he got for the claim from the amount it owes him.

† HM Revenue & Customs requires Santander to take off tax from this interest. Santander 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, I uphold this case and Santander UK Plc needs to put things right as 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 22 January 2016.

Siobhan McBride
ombudsman