

## **complaint**

Mrs M is unhappy with how Barclays Bank Plc handled her complaint about Payment Protection Insurance (PPI). She says there have been discrepancies in relation to the outstanding debt. And that Barclays mis-led her to think that there was no outstanding debt. Amongst other things, she doesn't understand why some money was used, without her permission, to offset the debt and some was paid to her directly.

## **background**

Mrs M held a number of loans with Barclays, these were taken out with each later loan repaying some of the previous loan and each loan had PPI attached. The policies were single premium policies, which means that Mrs M borrowed an additional amount to pay for the insurance and paid interest on this throughout the course of the loan. Because of how these policies work, where Mrs M settled a loan early by taking out another loan, a rebate was taken off the loan before it was settled but not all the PPI that was still due to be paid. So some of the amount she took out in the new loan would have been used to pay the small amount still due for PPI. So, in other words, each time Mrs M refinanced she was borrowing a little extra money to pay for the policy on her previous loan.

In 2012 Mrs M complained that her PPI policies had been mis-sold to her.

When Barclays looked into Mrs M's complaint it found seven loans between February 1999 and July 2006 that were taken out each refinancing an earlier loan and each loan was taken out with PPI. Barclays agreed that the policies had been mis-sold and offered Mrs M compensation for this. Broadly speaking the compensation aimed to put Mrs M in the position she would have been in had she not taken out PPI. To do this, Barclays calculated how much Mrs M had paid in PPI premiums, the interest she paid on those, any additional monies borrowed to pay off previous PPI policies when refinancing and any interest associated with that. In addition, it calculated compensatory interest at a rate of 8% simple per year for the time that Mrs M was out of pocket.

Barclays' final response letter set out how it calculated compensation for each of the loans and then the totals due. It explained that because Mrs M had an outstanding debt on the last loan it would use the full refund of the costs of the PPI to reduce her debt but that the compensatory interest would be paid to her directly. The offer showed:

- 1) Total used to reduce Mrs M's debt: £18,267.94
- 2) Outstanding debt remaining: £7,116.93
- 3) Total interest paid to Mrs M: £6,134.19

In April 2016 Mrs M received a letter from Barclays saying that it would be adjusting her loan by £2,117.61 because it had found that it wasn't entitled to charge her interest over a period in accordance with the Consumer Credit Act (CCA) because it had not given her the information it had to, to meet the requirements of the CCA.

In August 2016, Barclays wrote to Mrs M again to inform her that whilst conducting a review of previous complaints it had found that it made a mistake. It had missed a loan that formed part of the chain, taken out in February 1997. Barclays recalculated the compensation the Mrs M was due to take this into account.

This time the loan was reduced by £200.20, £3,105.31 was paid to Mrs M directly and Barclays confirmed that her outstanding debt was £4,149.12.

Mrs M says that she did not have any dealings with Barclays after the first amount of compensation was paid. As far as she was concerned the loan had been settled. Sometime later she noticed that a monthly amount was still being paid to Barclays. She says that when she contacted Barclays, she was informed that this was a mistake as the loan had been settled.

Mrs M has told us that she contacted Barclays after receiving the letter in April 2016 and was given conflicting information about the outstanding amount of her debt.

Mrs M complained to Barclays, with the help of a representative, about a number of issues, including that:

- She was led to believe her loan had been settled;
- The correspondence from Barclays was confusing and contradictory; and
- The situation was causing her a significant amount of distress.

Mrs M did not receive a satisfactory response from Barclays and asked us to look into her complaint.

Our adjudicator reviewed Mrs M's complaint and concluded, in summary, that Mrs M was not due anything further for the mis-sale of her PPI policies, she did have an outstanding debt that she owed to Barclays but that Barclays had not handled her recent complaint well and that it had offered to pay her £100 – which he thought was fair.

Mrs M disagreed, so the complaint has been passed to me.

### **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 can see that Mrs M feels strongly about her complaint and I am sorry that this situation has caused distress at an already difficult time for her. I know that this will come as a disappointment but I'm not upholding her complaint. I'll explain why.

#### *Barclays' offer for the mis-sale of PPI*

Barclays has already agreed that Mrs M's PPI policies were mis-sold. So I have not looked into how the policies came to be sold. I have only considered whether or not the compensation Barclays has paid Mrs M is fair. I understand that this is not Mrs M's main concern but I've thought about this for the sake of completeness.

Where something has gone wrong we expect the business to put the consumer, as closely as possible, in the position they would have been in had the error not occurred. The way that Barclays has worked out what it owes Mrs M is in line with what I would expect it to do under the circumstances. It has refunded the amount that Mrs M paid for PPI, including interest incurred as a result of her having PPI, the additional amounts she borrowed when refinancing to cover the outstanding cost of the PPI and any interest paid on that. In addition,

it has paid her compensatory interest at a rate of 8% simple per year for the time she was out of pocket.

When Barclays originally upheld Mrs M's complaint in 2012, it missed her first loan. In 2016, it reviewed her complaint and it was then it found that it had previously missed her first loan so it calculated the additional amount that she was due. Because this included compensatory interest, Mrs M will have received an additional amount for the extra time she was out of pocket for.

So, based on what I've seen, I don't think that Mrs M is due anymore for the mis-sale of her PPI policies.

#### *the outstanding debt*

Mrs M has told us she believed that her debt was settled after she received compensation in 2012. She says that this is for a number of reasons, including that, part of the compensation was paid to her on top of the amount that was paid towards her outstanding debt and she did not receive communication about her debt for a number of years. Mrs M has also mentioned a phone call she had with Barclays after she noticed that her monthly repayments were still being deducted after the compensation was paid. She says she was told during this call that this was a mistake and that the debt was settled.

The letter from Barclays that explained the compensation it would pay Mrs M in 2012 set out the different elements of the compensation. It said that the refund was to be offset against Mrs M's debt, whereas the interest was to be paid to her directly. It also listed Mrs M's debt before the compensation was paid and the outstanding balance after the compensation was paid. So, I can't agree that the contents of that letter in any way suggested that Mrs M's debt had been completely settled.

Looking at the statements and recovery notices that Barclays has provided it looks like Mrs M continued to make payments under her repayment plan for some time after she received the compensation in 2012. Payments of £40 per month continued until November 2013 (a year later) at which point the monthly payment is reduced to £10. This continues until July 2014 when a payment of £20 is made, this level of payment is kept up for another two months and then no further payments were made until Barclays refunded the interest charged on the account in April 2016.

Based on those statements Mrs M continued to make payments towards the loan for almost two years after November 2012, when the compensation was paid. I think it is also worth noting that the payments fluctuated. I think it is most likely that these would've fluctuated as a result of Mrs M requesting this change, either through her bank or through contact with Barclays. I think it's unlikely that Barclays reduced the monthly payments without some contact with Mrs M.

I have taken into account Mrs M's comments about the phone call she had with Barclays but taking everything else into account I haven't seen enough to conclude that Mrs M could reasonably have thought that she didn't have any debt outstanding.

#### *the service Mrs M received from Barclays*

As I've explained above I don't think that Barclays did mis-lead Mrs M to believe that she didn't have an outstanding debt. It did, however, fail to send her regular statements and

arrears notices over a number of years. In Barclays' letter of April 2016, it acknowledged this mistake and informed Mrs M that it would be refunding the interest she was charged over the period that she didn't receive the appropriate correspondence from it.

I think that this is a reasonable way to put right Barclays' mistake. And, I don't think that the lack of communication meant that Mrs M could reasonably assume that she no longer had any debt outstanding.

I do think that Mrs M's most recent complaint should have been handled better. It seems that Mrs M's representative was given conflicting information about the outstanding debt and Mrs M did not receive a response to her complaint. Barclays has offered Mrs M £100 to compensate her for this, under the circumstances I think that this is fair.

So, whilst I sympathise with Mrs M's position, I am not going to ask Barclays to pay any more than it has already offered.

### **my final decision**

For the reasons set out above, I don't think that Mrs M is due anymore compensation for the mis-sale of her PPI policies or for the lack of communication about her outstanding debt. But, I do think that Barclays Bank Plc handled her most recent complaint poorly and should pay Mrs M the £100 that it has offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 8 June 2017.

Nicola Curnow  
**ombudsman**