

complaint

Mr A's complaint is about the amount of compensation he should receive from Liverpool Victoria Friendly Society Limited ("Liverpool Victoria"). Mr A believes he should receive all of the redress payable directly to him.

background

Mr A took out single premium PPI alongside a personal loan. At a later date, Mr A made a complaint to Liverpool Victoria that the PPI policy had been mis-sold.

Liverpool Victoria agreed to compensate Mr A and in December 2011 it made an offer. It informed Mr A that it would 'off-set' the total amount (the PPI premium plus added interest) to the arrears left outstanding, that it had sold to TBI Financial Services Ltd, a debt management company.

Mr A did not accept Liverpool Victoria's offer as he felt he should receive all of the redress payable directly. Liverpool Victoria reconsidered its position and in February 2014 it offered to pay Mr A £86 in interest directly but continue to 'off-set' the principal sum to TBI Financial Services Ltd. It made it clear to Mr A that it would not send this part of the redress to Mr A and that if he did not agree with this offer, that it would 'buy back' the debt from TBI Financial Services Ltd and would then 'off-set' the redress against it.

Mr A again did not accept this offer. Liverpool Victoria have now said to us that it has bought back the debt and is now looking to off-set the compensation to reduce the amount owed.

As both parties continue to disagree as to how the redress should be paid, this complaint has now been passed to me to determine.

my findings

I have considered afresh everything that Mr A and Liverpool Victoria have said and provided from the outset in relation to the complaint regarding the PPI policy, in order to decide what is fair and reasonable in the circumstances.

To the extent that Liverpool Victoria has agreed to settle this complaint and has provided an offer, it seems to me that it is not necessary for me to determine the merits of this complaint, that is, if the policy was mis-sold. What remains in dispute, and what I must decide here, is how Liverpool Victoria should fairly have compensated Mr A.

The crux of Mr A's complaint is over whether Liverpool Victoria can off-set part of the redress payment to another business, TBI Financial Services Ltd. Mr A believes it cannot and has requested that Liverpool Victoria pays all of the redress directly to him. Liverpool Victoria believes that Mr A is not entitled to the compensation and considers that it has the right to 'off-set' the amount against the debt.

As there is a disagreement here, I will review all of the evidence available and will draw a conclusion based on what I consider is fair and reasonable in all circumstances of this complaint.

Generally this service would consider it fair for a business to “off-set” the compensation payable for the mis-sale of a PPI policy against a consumer’s arrears on their account – and remove or reduce those arrears.

However, I can see that Liverpool Victoria is no longer a party to the debt which remains outstanding and is not the legal owner of the debt, having sold it to a third party. The current third party owner of the debt is TBI Financial Services Ltd. The parties to the debt are the current owner, TBI Financial Services Ltd and Mr A. So, it is difficult to see how Liverpool Victoria can argue Mr A owes them a debt against which it can off-set his PPI compensation, when it does not own it.

Liverpool Victoria has very recently stated that it has bought back the debt from TBI Financial Services Ltd and has provided some documentation that it considers evidences that it has done this. I have seen this documentation and I am not persuaded that it has bought back the debt. Liverpool Victoria has provided a screen shot of a payment made to TBI Financial Services Ltd, but there is no other indication that this payment relates to Mr A’s debt or indeed that Liverpool Victoria is the legal owner of the debt again.

So overall, I am not persuaded that it is fair or reasonable for Liverpool Victoria to use part of the PPI redress to off-set against arrears that it is not the legal owner of. I therefore uphold Mr A’s complaint and direct Liverpool Victoria to pay the full amount of the PPI redress directly to him.

my final decision

For the reasons set out above, I uphold Mr A’s complaint and require Liverpool Victoria Friendly Society Limited to pay him the full amount of redress directly to him. I make no further award.

Mark Richardson
ombudsman