

## **complaint**

Mr B says NewDay Ltd mis-sold him payment protection insurance (“PPI”).

## **background**

This complaint is about a credit card PPI policy taken out in 2000. The policy was added to Mr B’s credit card account when he applied for the card by post.

Our adjudicator recommended that the complaint be upheld. NewDay disagreed with the adjudicator’s opinion 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.

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’ve considered what NewDay has said, but I’ve still decided to uphold Mr B’s complaint. This is because when selling the policy NewDay didn’t give Mr B enough information about the limitations on benefits, and the limitations on claiming for directors of companies.

This would have affected Mr B because he had very good sickness benefits which were equal to those offered by the PPI policy. And he’d have faced difficulties claiming under the policy as a director of a company.

The PPI application gave some information about the monthly costs of the policy, but not about these other limitations. I don’t think Mr B would’ve taken the PPI if he’d been made aware of these.

## **fair compensation**

NewDay Ltd 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. NewDay Ltd 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.

NewDay Ltd should then refund the difference between what Mr B owes and what he would have owed.

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

- B. If – when NewDay Ltd works out what Mr B would have owed each month without PPI – Mr B paid more than enough to clear his balance, NewDay Ltd should also pay simple

interest on the extra Mr B paid. And it should carry on paying interest until the point when Mr B would've owed NewDay Ltd something on his credit card. The interest rate should be 8% a year.<sup>†</sup>

C. NewDay Ltd should tell Mr B what it's done to work out A and B.

<sup>†</sup> HM Revenue & Customs requires NewDay Ltd to take off tax from this interest. NewDay Ltd 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, I uphold Mr B's complaint.

I require NewDay Ltd to pay Mr B compensation in accordance with the calculation of redress 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 7 July 2016.

Timothy Bailey  
**ombudsman**