

complaint

Miss P has complained about the way Barclays Bank Plc has used the compensation it worked out she was due after she complained she'd been mis-sold payment protection insurance (PPI).

background

Between 2004 and 2007 Miss P took out four loans with Barclays and was sold PPI policies alongside all of them. In 2009 Miss P entered a Debt Relief Order (DRO) and was discharged from it in 2010.

Miss P complained to Barclays that she'd been mis-sold PPI on one of her loans. Barclays looked at her complaint and found that she'd bought PPI with all four of her loans, not just the one she complained about. It found that PPI had been mis-sold with all of her loans. Barclays worked out that £1,487.19 was due to put Miss P in the position she would have been in if the policies had never been sold.

Barclays said that Miss P still owed £1,200.14, so it used part of her compensation to pay off the debt. The remaining £287.05 was sent to Miss P by cheque, which she's told us she's cashed.

Miss P says that, as she's been discharged from her DRO, her outstanding debt to Barclays has been cleared. She says all of the compensation should have been paid directly to her or her official receiver.

Our adjudicator thought what Barclays had done was fair. Miss P disagreed so the complaint has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As Barclays has agreed that Miss P's PPI policies were mis-sold, I haven't looked at how these policies were sold. But I do have to look at whether Barclays' offer is fair.

I think the offer was fair and I'd like to explain why.

Miss P doesn't dispute how Barclays worked out its total offer of £1,487.19. But I've reviewed the method Barclays used anyway and think it's fair. I think Barclays has worked out compensation in the same way I'd expect it to if I'd found it had mis-sold PPI.

I also think it was fair for Barclays to use part of the compensation to reduce Miss P's outstanding debt. And I think this even though Miss P has been discharged from her DRO. When she entered into her DRO, the debts she owed weren't cancelled. And they weren't cancelled when she was discharged in 2010 – but she couldn't be asked to pay them. The debt that she had with Barclays still exists and part of that debt was for PPI premiums that she hadn't paid. So I think it's fair for Barclays to use part of the compensation to reduce her debt, otherwise she'd be getting a refund of PPI premiums that she didn't actually pay.

When Miss P entered into her DRO, PPI was on her last loan but it was only part of her debts. And I can see that she made a claim on her PPI policy, so she wasn't working shortly before entering her DRO. Based on what I've seen, I think Miss P would probably still have entered a DRO if these PPI policies hadn't been sold to her. Although I appreciate taking out PPI would've increased Miss P's overall level of debt, I think it's unlikely they would have been the main cause of her financial difficulties. So she probably would've entered her DRO, but with a smaller debt. This is the position Barclays has put Miss P in, so I think what it's done is fair.

Miss P's representatives have asked me to consider a High Court case, *Green v. Wright*. When coming to my decision I have to take into account the law, good industry practice and the evidence – but ultimately I have to decide what is fair and reasonable in the circumstances of the complaint. I've considered the case I've been referred to, but as I've already explained, I think it was fair for Barclays to use the compensation in the way it's done. In short, she owed Barclays something and Barclays owed her something.

my final decision

For the reasons set out above, I don't uphold Miss P's complaint against Barclays Bank Plc. As Miss P has already been paid I don't direct Barclays Bank Plc do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 19 October 2015.

Helen McNeeney
ombudsman