

## **complaint**

Ms M and Mr P say Secure Trust Bank Plc (“Secure Trust”) mis-sold them a payment protection insurance (“PPI”) policy.

## **background**

In 2000 Ms M and Mr P opened a joint OneBill account with Secure Trust to manage their household bills. They applied for the account during a meeting. Secure Trust sold them a PPI policy at the same time, which covered Mr P only. The policy could’ve covered their payments to the account if Mr P was too sick to work (or if he had an accident) – or if he lost his job. It also offered an amount towards funeral expenses.

Our adjudicator upheld the complaint. She didn’t think Secure Trust made the cost of the PPI clear enough to Ms M and Mr P. And she didn’t think they would’ve bought the policy if it had.

Secure Trust disagreed. It says it wasn’t possible to show the monthly cost of the policy at the time because the cost varied depending on the amount of bills Ms M and Mr P had to pay each month - and that it was rarely the same from one month to the next. It also says the representative completed an account calculation with Ms M and Mr P, which showed the weekly payments to the account with and without PPI.

## **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 Ms M’s and Mr P’s complaint.

I’ve decided to uphold this complaint.

Given the length of time that has passed, Secure Trust hasn’t been able to provide much information from the point of sale. So I’ve had to weigh up what the parties have said with the available evidence to decide what I think is most likely to have happened.

Secure Trust was required to give Ms M and Mr P enough clear information about the policy so they could decide whether it was right for Mr P. This included clearly explaining the cost and benefits before they agreed to buy it. And I don’t think it’s likely Secure Trust did.

I don’t have a copy of Mr P’s PPI application form. But Secure Trust has given us a copy of an account calculation that was completed by the representative – which it says was explained and documented to Mr P and Ms M at the time of sale. It says this calculation shows what their weekly account payments would be both with and without PPI.

Looking at the calculation, it set out various details about Ms M and Mr P and their household bills. In the bottom right-hand corner under the heading ‘*Payment Levels*’ were two columns. The first column says ‘*No S/A/R*’ and the other column says ‘*inc S/A/R*’. Both columns give two different payment levels. There is no more of an explanation than this.

I don't think Ms M and Mr P would've really understood what this information meant. The figures don't make clear what the difference is between them. So to work out the cost of the PPI they'd have to work out that difference themselves and then use those figures to calculate the monthly cost. They'd then also have to work out what this would mean for them over the long term.

Ms M and Mr P say they were told they had to pay a small handling fee for the OneBill account each month – but that this included free accident, sickness and unemployment cover. They say they then found out they'd been paying extra for it and cancelled the policy.

I can't know for sure how the representative explained the cost of the policy to them, if at all. But taking into account what we know about the way Secure Trust sold PPI with OneBill accounts – and from what Secure Trust has told us – I think it's likely Secure Trust would've explained the cost of the PPI as '7.88p for each £ unit required' at best. So I don't think it's likely the cost was made clear enough to Ms M and Mr P.

I say this because I don't think there was a straightforward way for them to work out the likely cost of the policy based on this limited information. And I don't think they would've understood what the policy was going to cost them in real terms – whether monthly or over the long term.

I know Secure Trust says it didn't show the cost as an individual set monthly premium because the amount varied depending on the weekly or monthly payment to the account (which changed depending on how much was needed to cover Ms M and Mr P's bills). But, overall, I don't think it did enough to make the cost of the policy clear enough to Ms M and Mr P *before* they decided to buy it. I also don't think it's likely Secure Trust told them they'd have to keep paying the premiums if Mr P made a claim, making the benefit lower in real terms.

This means I don't think Ms M and Mr P were able to weigh up what they were getting for their money and whether the policy was worthwhile. And I don't think they would've bought it if they'd been given that chance.

I say this because Ms M and Mr P opened the account to help budget and manage their outgoings. This suggests to me that they may have felt a need to be careful with any unnecessary expenditure. So I think the cost of the policy would've been an important consideration for them when deciding whether or not to take it. Mr P also told us he had a good level of sick pay and savings at the time. So, on balance, I don't think they would've thought the policy good value for them or a necessary expense at that time.

I know Secure Trust says it sent Ms M and Mr P letters telling them about changes to the terms and cost of the policy. But those letters are dated *after* it sold them the policy. So this isn't enough to fix any failings at the time of sale.

This means I think Ms M and Mr P lost out as a result of what Secure Trust did wrong. So it needs to put things right.

### **what Secure Trust must do to put things right**

Secure Trust should put Ms M and Mr P in the position they'd be in now if they hadn't taken out PPI for Mr P. I understand the PPI policy was cancelled in 2013. So Secure Trust should:

- Pay Ms M and Mr P the amount they paid each month for the PPI
- Add simple interest to each payment from when they paid it until they get it back. The rate of interest is 8% a year<sup>†</sup>.
- If Mr P made a successful claim under the PPI policy, Secure Trust can take off what they got for the claim from the amount it owes them.

<sup>†</sup> HM Revenue & Customs requires Secure Trust to take off tax from this interest. Secure Trust must give Ms M and Mr P a certificate showing how much tax it's taken off if they ask for one.

### **my final decision**

For the reasons I've explained, I uphold Ms M and Mr P's complaint. Secure Trust Bank Plc must pay Ms M and Mr P the fair compensation I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr P to accept or reject my decision before 29 December 2015.

Joanna Brown  
**ombudsman**