

complaint

Ms W complains that the Royal Bank of Scotland Plc ('RBS') mis-sold payment protection insurance to her in 2006.

background

Our adjudicator thought the complaint should be upheld because RBS did not make it clear to Ms W that PPI was optional. RBS disagreed with that view and so the complaint has been passed to me to make a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. We have set out our general approach to complaints about the sale of PPI on our website and I have taken this into account in deciding Ms W's case.

I have listened to the telephone call where RBS sold PPI to Ms W and I agree with our adjudicator that they did not make it clear the policy was optional. The telephone operator opened the call by telling Ms W that they provided a service and gave some details about PPI. She then said '*will that be ok for you?*' to which Ms W agreed that it would. After listening to this telephone call, I can see why Ms W could have thought this was a feature of the card that she had to agree to. During the same telephone call, RBS also tried to sell Ms W a card registration policy and I note in particular the difference between what was said between the two. With the card registration policy, the telephone operator asked Ms W specifically whether she was interested in taking it, to which she replied that she was not. When PPI was sold, Ms W was not asked whether she was interested in taking it. In that instance, it was as though she was being told about a service she had to take and that out of courtesy, RBS was checking she was happy with it.

After listening to that telephone conversation, I am satisfied that PPI was mis-sold and that RBS should take action to put matters right.

putting things right

RBS should put Ms W in the financial position she would be in now if she hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. RBS should find out how much Ms W would owe on her 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.

RBS should then refund the difference between what Ms W owes and what she would have owed.

If Ms W made a successful claim under the PPI policy, RBS can take off what she got for the claim from the amount it owes her.

B. If – when RBS works out what Ms W would have owed each month without PPI – Ms W paid more than enough to clear her balance, RBS should also pay simple interest on the extra she paid. And it should carry on paying interest until the point when Ms W would have owed RBS something on her credit card. The interest rate should be 8% a year.[†]

C. RBS should tell Ms W what it's done to work out A and B.

[†] HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Ms W a certificate showing how much tax it's taken off if she asks for one.

my final decision

I have upheld Ms W's complaint and I require Royal Bank of Scotland plc to comply with the above '*putting things right*' section. Under the rules of the Financial Ombudsman Service, I am required to ask Ms W to accept or reject my decision before 27 July 2015.

Nicola Bowes
ombudsman