

complaint

Mr B is unhappy with the way National Westminster Bank Plc has used the compensation it offered for a mis-sold payment protection insurance (PPI) policy associated with his credit card.

background

Mr B complained to NatWest that the PPI that had been associated with his credit card was mis-sold. NatWest agreed to uphold Mr B's complaint and worked out the compensation due for the mis-sale should be £5,344.84.

But NatWest also said that Mr B had defaulted on the payments to the credit card in 2006 and there was a debt still outstanding on the credit card account for £1,799.11. So NatWest set this amount against the compensation and paid to Mr B £3,545.73.

Mr B is unhappy that NatWest had deducted the credit card debt from his compensation. He says the debt had been passed to a debt management company and he'd not been chased for the outstanding amount for nearly 10 years. So he thinks the debt is not enforceable and he should be paid the full compensation.

Our adjudicator said what NatWest had done was fair. Mr B didn't agree and asked for an ombudsman to look at his complaint.

my findings

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

NatWest have upheld Mr B's complaint that the PPI was mis-sold and worked out that compensation of £5,344.84 was due to Mr B. But it's then used £1,799.11 to pay off what it says Mr B still owes for a debt on the same credit card account.

Mr B doesn't dispute that he defaulted on making payments to his credit card and it was passed to a debt management company in 2006. The parties also agree that between 2006 and 2008 some payments were made to the debt Mr B owed on his credit card through the management company. But then Mr B stopped making payments.

NatWest's records indicate that debt management company could no longer contact Mr B after December 2008 and in 2009 returned the debt to NatWest. Mr B says he did move but he had a redirection in place and he could still have been traced and contacted by the debt agency. As he wasn't contacted and chased for the debt Mr B feels the debt he owes NatWest is not enforceable and so should not be taken off his compensation. Although a debt owing for so long may not be enforceable through the courts this doesn't mean that the debt no longer exists. The PPI Mr B paid and for which NatWest owes him a debt, arose between 1991 and 2004 when he was paying for the PPI charged to his card and this is still recoverable. Also some of the debt that Mr B owed to NatWest may be in part for the costs of the PPI that he never repaid.

So it is fair for NatWest to use the PPI compensation to set against the debt Mr B owes to it on the same account even though NatWest hasn't chased him for this debt for some years.

I think how NatWest has worked out the compensation due to Mr B is fair having looked at the calculations provided. And I think taking off the debt Mr B owed on the credit card from the compensation is also fair.

NatWest has paid Mr B the balance of the compensation, which was £3,545.73, so I think NatWest has done what it needs to do to settle Mr B's complaint about the mis-sold PPI and has paid the compensation due.

my final decision

For the reasons I've set out I think that National Westminster Bank Plc has paid fair compensation to Mr B and I'm not telling it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 November 2018.

Christine Fraser
ombudsman