

## **complaint**

Mr K's complaint is about the payment of compensation by The Royal Bank of Scotland Plc ("RBS") for the sale of payment protection insurance ("PPI").

## **background**

In this decision, I'm going to look at Mr K's complaints about the compensation he's been paid for two PPI policies.

The first policy is the one Mr K was sold with a credit card (Mastercard) in March 1998. In December 2014, RBS offered to pay compensation of £2,787.32 for this sale. RBS said it would use the money to reduce the outstanding debt on the credit card the PPI was attached to.

The second policy is the PPI Mr K was sold with a credit card (Mint) in May 2000. In December 2014, RBS offered to pay compensation of £1,455.33 for this sale. RBS said it would use the money to reduce the outstanding debt on the credit card the PPI was attached to. RBS has recently recalculated its offer on this sale to take account of some statements that Mr K provided. The offer now stands at £1,519.78.

But Mr K had other priority debts – arrears on his mortgage, secured loans, council tax and energy bills. So in February 2015, RBS agreed to pay £2,464.21 of the compensation for the first policy directly to Mr K to clear his mortgage and loan arrears. RBS said it would use the remaining £323.11 of compensation on that policy to reduce his Mastercard debt. And it would continue to use the compensation for the second policy to reduce the debt on his Mint credit card.

Mr K has also received compensation on another complaint – a third PPI policy – which I'm looking at in a separate decision. That compensation, along with the amount he received for the PPI sold with his Mastercard, was sufficient to cover the priority debts I've mentioned.

But Mr K says he's also got a debt on his water bill. He says RBS should pay the compensation for his second PPI policy directly to him so he can reduce that debt. Mr K's also unhappy with how RBS has handled his complaints about both PPI policies, and thinks it should compensate him for the delay and inconvenience.

Our adjudicator said the amounts offered by RBS were fair. She said it was right that some of Mr K's debts had been given priority. But she didn't think the debt on his water bill should be given priority over his credit card debts. And she didn't think the way RBS had handled the complaints had caused Mr K additional distress or inconvenience. So she didn't recommend that any more compensation should be paid to Mr K.

Mr K disagrees with the adjudicator. He says the compensation for the second PPI policy should be paid to him so he can reduce the debt on his water bill. And he still thinks RBS should pay additional compensation for the way it's handled his complaints.

As Mr K disagrees with our adjudicator, his complaints have come to an ombudsman for a decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of these complaints. 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 Mr K's complaints.

Based on the evidence I've seen, I agree with our adjudicator that the amounts offered by RBS seem fair.

The ombudsman service would usually think it's reasonable for a bank to use PPI compensation to reduce someone's arrears on the same credit card. But sometimes we say that the compensation should be paid directly to the consumer. This might be where someone has other debts that are more serious or pose a greater threat to them.

I agree that some of Mr K's debts were more serious. And enough compensation has now been paid directly to him to cover the debts on his mortgage, secured loans, council tax and energy bills.

Mr K has sent us a copy of his latest water bill (dated 21 September 2015), which shows the account balance as £1,110.72. It says Mr K should continue paying his agreed instalments, and that overdue charges of £764.30 should be paid immediately. RBS doesn't think this a higher priority than Mr K's credit card debts.

I've looked at Mr K's water bill and what he's said. But, based on the evidence I've seen, I don't think the overdue charges on Mr K's water bill are a more serious debt than his credit cards.

So I think it's reasonable for RBS to use the remaining PPI compensation to reduce Mr K's credit card arrears.

I've also looked at how RBS has dealt with Mr K's complaints. I appreciate that Mr K has had to wait some time for an answer. And I know that making the complaints will have caused Mr K some inconvenience, particularly given his financial position. But I think RBS has acted reasonably and I don't think it should pay any more compensation to Mr K.

I'm sorry that it's taken some time for Mr K's complaint to be dealt with, and I know he'll be disappointed with my findings. But, on the evidence I've seen, I don't think it would be fair to make any further award against RBS.

## **my final decision**

For the reasons given, my final decision is that the compensation offered to Mr K by The Royal Bank of Scotland Plc is fair. And I don't think any further award should be made to Mr K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 January 2016.

Matthew Young  
**ombudsman**