

complaint

This complaint's about a payment protection insurance (PPI) policy taken out with a credit card in 1998. Mr L says NewDay Ltd mis-sold him the PPI.

my findings

I've considered all the available evidence and arguments to decide what is 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 Mr L's case.

Having done so, I've decided the policy wasn't mis-sold. I'll explain why.

- I don't have a copy of the credit agreement Mr L signed, which isn't surprising given how long ago the sale took place. However, NewDay's provided a copy of a sample agreement it says Mr L would have seen. Overall, on balance I believe the PPI was presented to Mr L as optional and that he likely decided to take it out.
- I don't believe NewDay recommend the PPI to Mr L so it didn't have to check if it was right for him. But it did have to make sure Mr L got the information he needed to decide if it was right for him.
- It's possible the information NewDay gave Mr L about the PPI wasn't as clear as it should have been. But I think he likely chose to take out the PPI – so he wanted this type of cover. Based on what I've seen of his circumstances at the time it doesn't look like he was affected by any of the exclusions to, or limits on, the PPI cover – so it would have been useful for him if something went wrong. It also looks like the PPI was affordable. I don't think better information about the PPI would have put him off taking out the cover, despite the employer benefits and family help he says he'd have received.
- This means NewDay doesn't have to pay back all of the cost of the PPI to Mr L.

But NewDay will pay back *some* of the cost of the PPI to Mr L because:

- NewDay got a high level of commission and profit share (more than 50% of the PPI premium) – so it should have told Mr L about that. Because NewDay didn't tell Mr L, that was unfair.
- To put that right, NewDay's basically offered to pay back the amount of commission and profit share that was above 50% of the PPI premium – and I think that offer's fair in this case.

I've thought about everything Mr L's said – but these points don't change my decision and, for the reasons set out above, I don't think the PPI was mis-sold.

what the business needs to do

NewDay has to pay back to Mr L any commission and profit share it got that was more than 50% of the PPI premium, if it hasn't already done so. NewDay should also pay back to Mr L any extra interest he paid because of that.

NewDay should re-work the credit card account and pay back to Mr L the difference between what Mr L owes and what he would have owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. NewDay should also pay Mr L 8%* simple interest if he paid off his credit card at some point.

*Businesses have to take basic rate tax off this interest. Mr L can claim back the tax he doesn't pay tax.

my final decision

The PPI policy wasn't mis-sold – so NewDay Ltd doesn't have to pay back all of the cost of the PPI to Mr L.

But NewDay Ltd does have to pay back to Mr L any commission and profit share it got that was more than 50% of the PPI premium, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 August 2019.

Nimish Patel
ombudsman