

complaint

Mr and Mrs A say Secure Trust Bank Plc mis-sold them a payment protection insurance (PPI) policy.

background

Mr and Mrs A opened a “OneBill” account with Secure Trust in 1996, as a way of managing their household bills. And they took out a monthly premium PPI policy at the same time.

The policy only covered Mr A. It would cover the payments to their account if Mr A couldn't work because of accident or sickness. Mr A was self-employed, so the policy didn't initially provide unemployment cover. Instead it paid double disability benefit if he was in hospital. It also paid a small amount for funeral expenses.

Our adjudicator upheld the complaint, because she didn't think Secure Trust had properly explained to Mr and Mrs A what the policy would cost them. And she didn't think they'd have agreed to buy the policy if it had.

Secure Trust said it gave Mr and Mrs A a quote and calculation telling them the policy cost and showing what their weekly account payments would be with and without PPI. It also said it sent letters over the years telling them about changes to the policy. And it said Mr A benefitted from the policy because he made a claim in 1996.

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 Mr and Mrs A's case.

I've decided to uphold this complaint.

I haven't seen anything to persuade me that Secure Trust recommended this policy to Mr and Mrs A. They can't remember whether Secure Trust gave them advice and Secure Trust says it didn't. So I've assessed this as a non-advised sale.

This means Secure Trust didn't have to make sure the policy was right for Mr (and Mrs) A. But it did have to give them enough clear information about the policy so they could decide for themselves whether they wanted to buy it.

Secure Trust says it's given us a copy of Mr and Mrs A's quote, showing the policy cost. I have to say I can't see the quote Secure Trust is referring to in what it's sent to us – it seems to have sent a 'receipt slip' instead. But I've seen similar quotes on other cases. So I don't doubt that the policy cost would've been shown in the way Secure Trust describes – as *'7.5p for each £ unit required'*. But I don't think it would've described it in any more detail than that.

Secure Trust *has* also sent us Mr and Mrs A's calculation. This set out various details about them and their household bills. And in the bottom right-hand corner it showed their weekly

account payments with and without the policy. But, given how the cost was set out, I don't think it would've meant much to Mr and Mrs A.

The first thing I've noticed is that Mr and Mrs A haven't signed the calculation sheet. So I can't be sure they saw it. But, as I've already mentioned, Secure Trust has also sent us the 'receipt slip' which Mr A did sign to say he'd been given a 'fully completed quotation' (amongst other things). So I'll take it that this probably meant the calculation sheet and he probably saw it.

Even so, the figures don't make clear what the difference is between them. One column says 'No S/A' and the other column says 'inc S/A'. So, even if Mr and Mrs A saw them, I don't think it's likely they knew what this meant. And they'd also have to work out the difference between the figures themselves, just to work out what their weekly PPI cost would be. And they'd then have to also work out what that would mean for them over a monthly basis – and longer term.

Secure Trust says that because the PPI covered all Mr and Mrs A's household bills, which changed from month to month, it wasn't possible to give them a quote for the likely monthly cost of the policy. But I think it would've helped to at least give Mr and Mrs A some examples of what their premiums might be. This would've helped them to better understand what the policy could cost.

Overall, I don't think the information Secure Trust gave Mr and Mrs A was enough to make the cost of the policy clear. I think they would've found it very hard to understand how much the policy was likely to cost them, especially over the long term, before they agreed to have it.

I also can't see that it would have been clear to Mr and Mrs A that they'd have to keep paying the cost of the policy even whilst making a claim. So this would've been an extra cost at a time when Mr and Mrs A were likely to have already been finding things harder financially.

All of this means I don't think Mr and Mrs A would've been able to judge whether the policy would be good value for them. And I think this was important, because they were setting up the account to help manage their bills. This suggests they didn't believe they were in a strong financial position – and so they needed to be careful with their money. I think the policy cost would've been important to them when they were deciding whether to have it or not.

Secure Trust has also pointed out that it regularly sent Mr and Mrs A letters telling them about changes in the policy cost, or the terms. But even if I accept that Mr and Mrs A saw those letters, they were sent *after* the policy was sold. I don't think Secure Trust can rely on letters it sent many years after the original sale to fix what it didn't do properly at the time. And the fact that Mr and Mrs A didn't cancel the policy doesn't mean they were happy with it, or properly understood what it was costing them either.

Overall I think that, if Secure Trust had given Mr and Mrs A clearer information about the cost of the policy, they wouldn't have bought it.

I'm aware that Mr A did claim on the policy for a short time in 1996 and so did get some benefit from it. But the amount he and Mrs A got back was only a small portion of what the

policy cost them. So Mr and Mrs A have still lost out as a result of what Secure Trust did wrong – and it should compensate them for this.

what Secure Trust should do to put things right

Secure Trust should put Mr and Mrs A in the position they'd be in now if they'd taken out the OneBill account without the PPI. Secure Trust says they cancelled the policy in 2009.

So Secure Trust should:

- Pay Mr and Mrs A 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[†].
- Secure Trust can take off what Mr and Mrs A got for the claim (and any other claims they might have made) from the amount it owes them.

[†] HM Revenue & Customs requires Secure Trust to take off tax from this interest. Secure Trust must give Mr and Mrs A a certificate showing how much tax it's taken off, if they ask for one.

my final decision

I uphold Mr and Mrs A's complaint and I direct Secure Trust Bank Plc to pay them the compensation I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 9 November 2015.

Dawn Griffiths
ombudsman