

complaint

Mr H's complaint is about the compensation Santander UK Plc (Santander) has offered to settle his complaint about a mis-sold payment protection insurance (PPI) policy connected to his mortgage.

background

Mr H took out a mortgage in November 2002 and at the same time took out a PPI policy. This policy was paid for by a monthly premium, paid separately to his mortgage payment. The policy was cancelled in March 2005.

When Mr H initially complained the PPI had been mis-sold Santander didn't uphold his complaint, so he brought it to this service. However shortly after this Santander contacted Mr H and agreed to uphold his complaint and offered him compensation to settle it.

When Mr H was told the amount Santander had offered to put him back in the position he'd have been in if he'd never bought the PPI, Mr H didn't agree to accept it.

Mr H says he agrees the offer includes a refund of all the premiums he paid for the PPI and 8% compensatory interest on those premiums. But he thinks his compensation amount should also include some consequential losses and also something for the distress and inconvenience he says he has experienced.

Our adjudicator looked at all the information and thought Santander's offer was fair.

Mr H remained unhappy and asked for an ombudsman to review the complaint and issue a decision.

my findings

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

Santander has accepted the PPI was mis-sold, so in this decision I'm not looking at how it came to be mis-sold. I am only considering if what Santander has offered to settle the complaint is fair.

When looking at complaints of this sort we would expect a business to as far as possible put a consumer in the position they would've been in if they had never bought the PPI policy. In this case Mr H paid for his policy by a monthly premium paid each month from his bank account. The monthly premium was £74.29, so Mr H wouldn't have spent this amount each month if he'd never taken out the policy.

Santander has worked out exactly how much Mr H paid in premiums for the period the policy was running and has then paid 8% simple interest for all the time Mr H was out of pocket for each of the payments. Mr H has accepted the amount worked out for this by Santander is the correct amount.

But Mr H has said that as the amount for the PPI premium was taken from his current account this meant when he paid overdraft charges and sometimes exceeded his overdraft limit the PPI caused this. So he says Santander should also refund all his overdraft charges and fees for being over his limit.

Mr H has quoted the financial Conduct Authority (FCA) rules and information from consumer websites that indicate fees or charges incurred as a result of paying for PPI and going over borrowing limits should be refunded.

We always give consideration to the FCA rules to determine if there are further losses that flow directly from the mis-sale of the PPI, that were reasonably foreseeable as a consequence of the mis-sale.

I have only been provided with the account charges and interest information and so I cannot see exactly when, how many times and for how much Mr H may have gone into his overdraft. I have taken account of the PPI premium of £74.29 per month and the amount of overdraft interest charged and also the fact that Mr H didn't go into his overdraft every month. Overall this indicates that the overdraft costs caused did not directly flow from payment of the monthly PPI premium.

I think it's likely, taking account of the overdraft costs that Mr H went into his overdraft because of other spending on his current account and not directly because of the PPI premium. Had the PPI been the direct cause of these charges then Mr H knew he could have cancelled the policy and so not pay the charges. But overall I don't think the PPI was directly causing Mr H to go into his overdraft.

Mr H was responsible for the management of his current account and spending. A current account would normally provide for all general living expenditure as well as mortgage payments and the PPI monthly premiums. And in this case I don't think Santander could be expected to know how Mr H used his current account and so reasonably foresee the charges incurred for the way he used this account or that the PPI cost would result in any charges.

So overall I don't think the charges Mr H incurred related to his current account have been shown to be a direct result of the PPI premium or reasonably foreseeable by Santander.

I've also considered Mr H's claim for the postage and mileage that he says is directly connected to submitting his complaint. It was Mr H's choice to use special delivery and so incur this cost. This method of posting would only normally be required to send original documentation that would be costly to replace, for example identity documents such as an original passport or driving licence.

When someone is bringing a complaint there is always some costs and inconvenience incurred. I'm not satisfied that Mr H had to incur all the costs he did, so don't think the PPI mis-sale resulted in him incurring costs which could be considered consequential loss.

Finally I have considered if Mr H should receive any compensation for trouble and upset. As I've said when anyone brings a complaint there is some inconvenience incurred. Unless it can be shown that business' actions caused a complainant to experience inconvenience over and above what would normally be expected in bringing a complaint then there are no grounds to award additional compensatory interest of this sort.

It isn't part of the ombudsman service's role to punish businesses. Our role is to informally help resolve complaints between consumers and businesses. The FCA is the industry regulator and has the power to investigate and punish businesses.

Mr H is getting 8% simple interest, which is compensation for him being out of pocket, as a result of the mis-sale of the PPI. From what I have seen Santander hasn't done anything wrong in the way it has dealt with his complaint or caused him any additional inconvenience more than any other consumer who was mis-sold PPI.

So I can see no reason to award any additional compensation for trouble and upset.

I understand that as Mr H didn't accept Santander's offer in May 2018, the compensation may not have yet been paid. If that is the case then the 8% simple interest will need updating to the date of payment to Mr H, if he accepts my decision.

If Santander cannot arrange payment until 14 days after Mr H's acceptance, as indicated in its offer letter, then the 8% should be calculated to include that 14 days period to the date the payment is made.

my final decision

For the reasons I've set out above, I'm satisfied that, subject to updating the 8% simple interest, what Santander UK Plc has offered to compensate Mr H for the mis-sold PPI is fair. So I'm not going to tell it to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 October 2018.

Christine Fraser
ombudsman