

complaint

Mr S complained that Capital One (Europe) plc (Capital One) mis-sold him a payment protection policy with a credit card in 1999.

background

Capital One agreed that Mr S was mis-sold PPI so they made him an offer of £1,024.59. They sent him a letter setting out the offer in December 2011 but Mr S says he didn't get it. So Capital One sent him a copy of the letter in November 2012.

Mr S wasn't happy with the way Capital One handled his case. He thinks delays added to his financial problems.

Mr S had missed payments to his credit card and Capital One asked another business CapQuest, to recover what Mr S owed.

Two weeks before Capital One sent the copy of the original offer, CapQuest wrote to Mr S saying they would let him settle his debt for an amount around £500 lower than the amount he owed. But Mr S needed to agree to do so within 14 days and make payment within 3 months.

Mr S says if Capital One had paid his compensation sooner, he could've settled his debt for less. But because of Capital One delays, this lower settlement offer lapsed and he lost out.

Our adjudicator asked Capital One to consider paying Mr S for the trouble and upset the delays caused Mr S. Capital One offered to pay £50. Mr S didn't think this was enough and asked for an ombudsman to look at his complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Capital One has offered to pay Mr S compensation and say they have worked this out in the way we'd tell it to if we thought PPI had been mis-sold. So I'm not going to look at how the policy was sold, but I need to consider if the offer was fair.

We expect that when a business has mis-sold PPI, it puts things right by putting the consumer in the position they would've been in now if they hadn't taken out PPI. When we look at a credit card, we expect the business to remove from the account the charges for PPI, any interest paid on the charges and any further charges caused by the PPI.

Mr S hasn't complained that the amount of the offer Capital One made was wrong, and so I've not looked into how they worked out this offer.

I need to decide whether Mr S should have more compensation because of the way Capital One handled his complaint.

Capital One made Mr S an offer in December 2011 which Mr S didn't receive before November 2012. Mr S accepted the offer within two weeks of getting it and he says Capital One told him the offer would be paid in January 2013. Capital One didn't pay the

money until June 2013 and in that time Capital One sold the debt to CapQuest. Capital One paid the compensation directly to CapQuest.

Mr S isn't complaining Capital One shouldn't have paid the compensation to CapQuest but he says that if he had the money from Capital One sooner, he could have been able to pay CapQuest a lower amount of £1,271.35 over a few months. Because he didn't receive the original offer in December 2011, he wasn't able to sign to accept the offer until December 2012. So he missed this opportunity and in December 2012 CapQuest wrote to him to request the higher outstanding balance which was £1,790.62.

I've seen that Mr S missed the opportunity to settle the CapQuest debt for less because he didn't pay it within the 14 days given. But I've also seen that the 14 days in which he had to agree to settle ended the day Capital One sent the copy of the offer to Mr S. So I don't think the six months it took Capital One to pay the amount it offered made a difference to whether Mr S could've settled his debt for less. I've also seen the letter Capital One sent Mr S in December 2011 was correctly addressed. So I can't say the reasons Mr S didn't get details of the offer when it was first made, is down to Capital One.

I've also looked at what might have happened if Capital One *had* paid him before the end of November 2012. Mr S has told us that at the time he had a number of financial problems brought on by shortage of work, a work injury and economic conditions. He also told us he had enforcement orders against him relating to other debts.

Looking at his circumstances, I think it's likely that if Mr S had received the money sooner he would have used it against other debts that were more pressing. This means that while it is unfortunate that the settlement figure for the CapQuest debt increased over time, I cannot be certain that anything different would have happened if Capital One had paid Mr S sooner. So I don't think Capital One needs to pay any more compensation for this.

But I do think Mr S shouldn't have waited over six months for payment to be made. I have also thought about the fact Mr S had made a successful claim against the policy in 2010 and that Capital One was aware Mr S had fallen behind on his payments. So I think Capital One should have known that this money was important to Mr S and should have tried to reduce unnecessary delay.

Capital One has offered to pay Mr S £50 because of these delays. I don't think this is enough to compensate Mr S for the distress he was caused. So I think Capital One should increase the compensation to £250.

my final decision

For the reasons I've set out above, Capital One should pay Mr S £250.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 15 July 2015.

Miranda Bates
ombudsman

