

complaint

Mr P complains Sygma Banque ('Sygma') mis-sold him a payment protection insurance ('PPI') policy.

background

In 2009 Mr P applied for a credit card online. At the same time he was sold a PPI policy.

The policy cost £1.85 for every £100 Mr P owed on his card. If Mr P couldn't work because he was sick or lost his job, the policy would pay a monthly benefit equal to 10% of the outstanding balance on the card until Mr P returned to work or that balance was repaid. The policy also provided life cover as well as purchase and price protection.

Our adjudicator upheld Mr P's complaint. They said the policy cost and benefits weren't made clear enough to Mr P and if he'd been properly informed, they didn't think Mr P would have gone ahead with the cover. Sygma disagreed with the adjudicator's opinion. They said the PPI premiums would've appeared on Mr P's statements and he didn't query them, so it wasn't possible to say he wouldn't have gone ahead with the cover.

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 P's case.

As Mr P applied for the card online I've not seen enough to make me think Sygma advised him to take out the PPI. Disappointingly Sygma doesn't have a copy of Mr P's application or credit agreement. Instead it's provided examples of the online pages it says Mr P would have seen when he completed his application.

Mr P says he can't remember agreeing to take out the policy. The example online pages suggest Mr P would have been given the opportunity to say 'no' to the PPI. On balance I've not seen enough to uphold Mr P's complaint on this point.

However, for the reasons below I've decided to uphold Mr P's complaint.

As Sygma didn't advise Mr P to have PPI it didn't have to make a suitable recommendation for him. Instead it had to give him enough clear information about the policy when he was deciding to take it out.

Sygma says Mr P would have been able to download information about the policy when he applied online. And I've considered what it's said about the premiums appearing on Mr P's statements.

However, I think the cost of the policy is important information about the PPI and it should've been clear to Mr P. The example online page shows the headline cost of £1.85 per £100 of the outstanding balance. But it doesn't show the premiums would have attracted interest, so I can't see this would've been clear to Mr P. And there is no such detail about the policy cost in the literature that Sygma says Mr P could've seen. I've noted what Sygma has said about the premiums on Mr P's statements, but Mr P needed to have all the information *at the time of making his decision*. And on balance I don't think Sygma provided this.

Mr P told us he had sick pay through his work. And he'd been employed for several years with the same employer. I think it's likely Mr P would have considered himself in secure employment and I think it's most likely he would have been able to meet his card repayments for a reasonable period if he needed to. Taking into account Mr P's circumstances, on balance I don't think he would have viewed the policy as worthwhile for him at the time.

That is, I think if Mr P had been properly informed about the policy I don't think he would have gone ahead with it.

putting things right

Sygma should put Mr P in the financial position he'd be in now if he hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. Sygma should find out how much Mr P would owe on his credit card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

Sygma should then refund the difference between what Mr P owes and what he would have owed.

If Mr P made a successful claim under the PPI policy, Sygma can take off what he got for the claim from the amount it owes him.

- B. If – when Sygma works out what Mr P would have owed each month without PPI – Mr P paid more than enough to clear his balance, Sygma should also pay simple interest on the extra Mr P paid. And it should carry on paying interest until the point when Mr P would've owed Sygma something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- C. Sygma should tell Mr P what it's done to work out A and B.

[†] HM Revenue & Customs requires Sygma to take off tax from this interest. Sygma must give Mr P a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons above, my final decision is that Mr P's complaint is upheld and Sygma Banque must pay Mr P fair compensation as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 April 2016.

Kristina Mathews
ombudsman