

## **complaint**

This complaint is about a payment protection insurance (PPI) policy taken out in 2004 alongside a home loan. Mr T says Northern Bank Limited (Danske Bank at the time) mis-sold him the PPI.

## **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 T case.

I've decided the policy wasn't mis-sold and I'll explain why.

Mr T says he wasn't aware the PPI was optional and it was added without his knowledge or consent. But he's not told us much more about what happened at the time, and I've not seen any other information to support what Mr T has said. Unfortunately Mr T's application form is no longer available for me to consider. And as this sale took place around 15 years ago it's difficult to rely on what Mr T has said alone to conclude that something untoward happened. But I've taken what Mr T has said into account and I've also looked at the evidence Northern Bank has provided to come to a decision on what I think is more likely to have happened.

Northern Bank says the PPI would've been discussed at length at the time. It says that it would've presented the PPI as optional, and Mr T would've had the choice to accept or decline it. Northern Bank has also supplied a copy of the type of application form it says Mr T would've seen and signed. And looking at the sample provided, I've not seen any reason to think that this isn't the type of form that would've been used for Mr T's sale. In the sample application there's a section for PPI which includes options to accept or decline the cover, and to specify what elements of the cover the applicant wishes to have. The sample shows that the applicant would've had to sign in this section to confirm the choices made here. So even if the form was completed by the Northern Bank sales person, I think Mr T would've seen this section when signing in here.

So based on all the evidence I've seen, I think it's more likely than not that Northern Bank made it clear that Mr T didn't have to take out the PPI and that he chose to take it out – although I can understand why he can't remember this now.

Mr T says that he would not have put an 'x' in the box prior to his signature. So I think Mr T is suggesting that the Northern Bank sales person selected PPI on his behalf after he had read and signed the paper work. But this is a serious allegation of fraud – which is a criminal offence - and one which I can't investigate in this final decision. So if Mr T would like to take this further he will have to do so with the relevant authorities.

Mr T says Northern Bank didn't give him any advice or recommendation when selling him the PPI. Northern Bank says it did recommend the PPI to him. As things stand, there isn't enough information to determine this point. But being able to do so isn't crucial to the outcome because, had Northern Bank recommended the policy, I think it would've been a suitable recommendation to have made for the reasons I set out below. As a result, I've considered the complaint on the same basis as Northern Bank.

As a recommended sale, Northern Bank had to check that the PPI was right for Mr T – and based on what I've seen of his circumstances at the time, I think that it was, and I'll explain why.

Northern Bank says Mr T was employed at the point of sale and has provided a copy of his credit card application form which was completed and signed around the same time. This shows that when asked about his employment status Mr T ticked the box to say his employment status was 'full-time', he did not tick the box to say he was 'self-employed'. Northern Bank says this is evidence that Mr T was not self-employed at the time the PPI was sold alongside his loan. Mr T says he was self-employed at the time and he has provided a copy of his HM Revenue registration card. But, this card is not dated, and is not persuasive evidence that Mr T was self-employed at the time.

However, I've looked at the policy documents available from around the time Mr T took out PPI with his loan. This shows that had Mr T been either employed or self-employed he would've been able to benefit from this cover and it wouldn't have been any harder for him to make a claim as a self-employed person compared to an employed person. Looking at his other circumstances from the time, I also don't think he was affected by any of the other exclusions to or limits on the PPI cover.

Mr T says he would've been able to rely on his family to help him make his repayments if he'd been unable to work. But help from others can't always be guaranteed, as their circumstances can also change over time. Mr T provided evidence of other policies he had at the time which he says could've been used to help him keep up his repayments. However, I've considered the evidence provided and I think the other insurances Mr T had in place would've covered him for different eventualities to the PPI. So I still think he had a need for this cover

It's possible the information Northern Bank gave Mr T about the PPI wasn't as clear as it should've been. But it seems like it would have been useful for him if something went wrong. So I don't think better information about the PPI would have put him off taking out the cover.

Which means Northern Bank doesn't have to pay back all of the cost of the PPI to Mr T. But Northern Bank will pay back *some* of the cost of the PPI to Mr T because:

- Northern Bank got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr T about that. Because Northern Bank didn't tell Mr T, that was unfair.
- To put that right, Northern Bank has 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 is fair in this case.

### **what the business needs to do**

Northern Bank has to pay back to Mr T any commission and profit share it got that was more than 50% of the PPI premium. Northern Bank should also pay back to Mr T any extra interest he paid because of that.

Northern Bank should pay back to Mr T the extra he paid each month because the commission and profit share it got was more than 50% of the cost of PPI. Northern Bank should also pay Mr T 8%\* simple interest on each payment.

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

**my final decision**

The PPI policy wasn't mis-sold – so Northern Bank Limited does not have to pay back all of the cost of the PPI to Mr T.

But Northern Bank Limited does have to pay back to Mr T any commission and profit share it got that was more than 50% of the PPI premium.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 20 April 2019.

Sienna Mahboobani  
**ombudsman**