

complaint

Mrs B complains Sygma Banque ('Sygma') mis-sold her payment protection insurance ('PPI'). She says she was unaware of the PPI being added to her account and that she didn't ask for it. And Mrs B said Sygma gave her no information about the PPI.

background

In June 2011 Mrs B took out a credit card by completing a postal application. At the same time she was sold PPI.

The policy cost £1.78 for each £100 Mrs B owed on her credit card. If she'd successfully claimed on the policy, each month it would've paid out 10% of what she owed on the card if she couldn't work because she was sick or lost her job. And the benefit would've been paid until Mrs B went back to work or the outstanding balance was cleared. The policy also included life cover, carer cover and misuse of card cover.

Our adjudicator thought Mrs B's complaint should be upheld. They said Sygma hadn't explained the cost and benefits of the policy clearly enough to Mrs B. And if Mrs B had known this information she wouldn't have gone ahead with the cover. Sygma disagreed with the adjudicator's opinion and the complaint has been passed to me.

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 Mrs B's complaint.

I considered Mrs B's complaint point that she was unaware of the policy and that she didn't agree to it. However, I think Mrs B was aware of the PPI as she signed in a separate section of the credit agreement to take out the policy. So I've not upheld her complaint on this point.

However, I've decided to uphold Mrs B's complaint for the reasons below.

While I don't think Sygma advised Mrs B to take out the cover, it still had to make sure she had enough clear information about the policy so she could decide if she wanted it. And I don't think it did this. It's possible the information Sygma gave Mrs B about the policy could've been clearer— including information about the cost and main features of the policy.

Sygma says the information would've been available to Mrs B in the insert which accompanied the application form. I don't know if Mrs B had this insert when she completed her application. And the policy literature provided to us by Sygma doesn't explain the cost of the policy. The premiums would attract interest and on balance I'm not sure Mrs B would have been able to understand what the cost of the policy would mean for her on a monthly basis.

Mrs B had been with her employer for several years, so I think it's fair to say she would've expected a reasonable redundancy package. And she told us she had sick pay through her employer as well as other means she could rely upon if she was unable to work. So on balance I think Mrs B would have been able to meet her repayments for a reasonable period of time if she was unable to work.

Taking everything into account, I think if Mrs B had been properly informed about the policy I don't think she would have gone ahead with the cover given her circumstances at the time. That is, I don't think she would have thought the policy worth her while.

putting things right

Sygma should put Mrs B in the financial position she'd be in now if she 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 Mrs B would owe on her 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 Mrs B owes and what she would have owed.

If Mrs B made a successful claim under the PPI policy, Sygma can take off what she got for the claim from the amount it owes her.

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

- C. Sygma should tell Mrs B 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 Mrs B a certificate showing how much tax it's taken off if she asks for one.

my final decision

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

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

Kristina Mathews
ombudsman