

complaint

Mr M complains about the way Bank of Scotland plc (trading as Halifax ('Halifax')) treated him when he went to his branch to make a sickness claim under his payment protection insurance ('PPI'). To resolve his complaint Mr M would like Halifax to stop its credit card debt collection activities and for his PPI to be used to pay off his debts.

background

Mr M took out the PPI policy in December 2008 so that he had protection for his credit card repayments in case he suffered an accident or sickness, subject to the policy terms. Halifax was the credit card provider, but it was not the policy insurer.

Unfortunately Mr M was diagnosed with a disease in 2010. Mr M says he went to his local Halifax branch in August 2010 to make his sickness claim under the PPI policy, and that the branch staff sent an email to register his claim. But Mr M says he then did not hear anything further.

Mr M is unhappy that even though he made Halifax aware that he was unwell, it did not act on his claim, or look into his financial circumstances. He says this caused him to get into debt and be chased by a number of debt collectors, linked to Halifax. But Halifax says it has not done anything wrong. It says it has no record of Mr M having requested a sickness claim in 2010.

Our adjudicator who looked at Mr M's complaint against Halifax did not recommend that it should succeed. He didn't think that Halifax had made an error in not registering Mr M's sickness claim during the branch visit Mr M says he made in 2010. Our adjudicator therefore did not think that Halifax ought to pay Mr M compensation. Mr M did not accept this assessment and asked for his complaint against Halifax to be decided by an Ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Like our adjudicator I must come to a decision that I consider to be fair and reasonable based on the evidence and what I think is likely to have happened.

I have carefully considered all the information that Mr M, his representative and Halifax have provided. I've looked at the evidence provided by Halifax from its internal records. I appreciate that Mr M says the branch staff sent an email to start his claim. But Halifax investigated this and says that its records indicate nothing was recorded about Mr M wanting to make an insurance claim in 2010.

Mr M says that due to the claim not being made he ended up in a distressing financial situation with his accounts in arrears and his account finally being defaulted in 2013. However, according to Halifax Mr M did not fall behind with his credit card repayments until September 2012, and then for one month only. And the bank says he fell behind again in February 2013 when its collections department took over the account.

Halifax's records indicate that in February 2013 Mr M told it that he was unable to work because of his illness. At this time Halifax says it advised him about charges, repayment plans, the consequences of late payments and referred him to a debt management company. Halifax also says that its insurance department was contacted by Mr M in March

2013. He wanted to make a sickness claim, backdated to 2012. Halifax says that although a claim form was sent out to Mr M, it was not returned. In August 2013 Mr M's account defaulted and it was passed to the debt recovery department and interest was frozen from this point.

Although Halifax says that Mr M registered a claim in mid March 2013, and a claim form was sent at that time, it says a completed claim form was never received. Therefore Mr M's claim was not progressed and the insurer was not in a position to make a decision on the claim.

In 2013 Halifax responded to Mr M's complaint by sending out a PPI questionnaire for him to complete. In this Mr M indicated that he considered the PPI policy had been mis-sold. Halifax upheld his mis-sale complaint and paid around £800 in compensation in December 2014 which was offset against Mr M's debt.

Having considered all of the evidence, I am unable to agree with Mr M that Halifax was at fault for not dealing with Mr M's claims that he says he tried to make in 2010 and early 2013. Without claims being registered and/or claim forms being returned and completed, the claims could not be processed, validated or paid out by the policy insurer.

From what Mr M and his representative have said, I understand that the main point of Mr M's complaint is that because the insurance did not pay out when Mr M thinks it ought to have (i.e. in 2010 and in early 2013), the consequence was that he fell into arrears and his financial position worsened. But from the weight of the available evidence I do not think I can conclude Halifax was responsible for this. The PPI Mr M held was connected to his credit card and not to his bank account/overdraft facility. Even if the claim had been paid in 2010, Mr M was still required to make the necessary repayments to his credit card (and overdraft). So although it seems no claim was ever progressed in 2010 and early 2013, even if it had been, Mr M would have remained responsible for making these repayments. For completeness, in January 2015 Halifax sent a new claim form to Mr M. I understand the new claim form has not yet been received by the insurer.

my final decision

My decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 29 December 2015.

Claire O'Connor
ombudsman