

complaint

This complaint is about a credit card payment protection insurance ('PPI') policy taken out in 1999. Mr W says The Royal Bank of Scotland Plc ('RBS') mis-sold him the PPI.

my findings

I've considered all the available evidence and arguments to decide what is 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 W's case.

I've decided the policy wasn't mis-sold because:

- I think RBS made it clear that Mr W didn't have to take out the PPI and he chose to take it out – although I can understand why he can't remember this.

I say this because I've seen a copy of Mr W's application form. It has an option to tick if PPI is required. There's a tick beside this option and Mr W has signed the form. So I think this indicates that he wanted PPI.

I've also noted that there was another option for an additional product or service called 'card registration' which hasn't been selected by Mr W.

Although Mr W has complained that he wasn't aware that he'd taken PPI, it appeared on his monthly credit card statements. If PPI was something he hadn't been expecting to see, I think he would have raised this with RBS much sooner than he did. But the evidence is that he continued to pay for PPI for some time after taking it out.

- RBS didn't recommend the PPI to Mr W so it didn't have to check if it was right for him. But it did have to make sure Mr W got the information he needed to decide if it was right for him.
- It's possible the information RBS gave Mr W about the PPI wasn't as clear as it should've been. But he chose to take out the PPI - so it looks like he wanted this type of cover. Based on what I've seen of his circumstances at the time, it doesn't look like he was affected by any of the exclusions to or limits on the PPI cover - so it would have been useful for him if something went wrong. It also looks like the PPI was affordable. So I don't think better information about the PPI would have put him off taking out the cover.
- Which means RBS doesn't have to pay back all of the cost of the PPI to Mr W.

But RBS will pay back *some* of the cost of the PPI to Mr W because:

- When the policy was sold, RBS expected to get a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr W about that. Because RBS didn't tell Mr W, that was unfair.

- To put that right, RBS 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.

I've thought about everything Mr W has said - including what he's said about not needing PPI due to his existing means to make his repayments. But this policy would pay out in addition to Mr W's existing means, and for longer than they would have lasted. Having this policy would also mean that Mr W wouldn't have to take a drastic step such as selling his car to make his repayments and although his family may have wanted to help, they may not have been in a position to help when needed as circumstances can change. So these points don't change my decision.

what the business needs to do

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

RBS should re-work the credit card account and pay back to Mr W the difference between what he owes and what he would've owed if the commission and profit share it got hadn't been over 50% of the cost of the PPI. RBS should also pay Mr W 8%* simple interest if Mr W paid off his credit card at some point.

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

my final decision

The PPI policy wasn't mis-sold – so The Royal Bank of Scotland Plc does not have to pay back all of the cost of the PPI to Mr W.

But The Royal Bank of Scotland Plc does have to pay back to Mr W 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 W to accept or reject my decision before 16 June 2018.

Daniel O'Shea
ombudsman