

complaint

Mr and Mrs L's complaint is about the compensation paid to them by Bank of Scotland Plc (BoS) for a mis-sold payment protection insurance (PPI) policy.

background

In 2003 Mr and Mrs L took out a mortgage with BoS. At the same time they were sold a PPI policy. The policy was cancelled in 2011.

In 2012 Mr and Mrs L complained to BoS about the way the policy was sold to them. BoS didn't agree the policy was mis-sold so Mr and Mrs L asked us to step in.

BoS reviewed the complaint and this time agreed to uphold it. BoS sent Mr and Mrs L a cheque for £6,186.28. This was made up of a refund of all the premiums Mr and Mrs L had paid for the policy (£4,222.62), plus interest calculated at 8% (£1,963.66) as compensation for the time they'd been out of pocket.

Mr and Mrs L cashed the cheque but made it clear they weren't happy with the compensation. They thought they'd paid more than £4,222.62 in PPI premiums. And they were disappointed that BoS hadn't paid compensation for the upset they'd experienced, and their time spent on the complaint. They also said the PPI premiums had caused their bank account to go overdrawn and worsened the financial difficulties they'd been experiencing.

An adjudicator looked at the complaint and thought BoS had paid fair compensation.

Mr and Mrs L disagreed with the adjudicator's findings so the complaint's 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 Mr and Mrs L's case.

BoS has agreed to uphold the complaint about the mis-sale of the policy. So I won't look into how the PPI policy was sold. I've looked at whether BoS put Mr and Mrs L back in the position they'd have been in if the policy hadn't been sold to them.

I notice Mr and Mrs L received a letter from the policy's insurer in October 2014 offering to pay Mr and Mrs L £134.80. I've looked at this letter and I can see it's about a refund from the insurer for some overpayments Mr and Mrs L made when the policy was in force. It's not in any way connected to the compensation paid by BoS for the mis-sale of the policy.

I've looked at how BoS worked out the compensation. BoS gave us a list of all the premiums it says Mr and Mrs L paid. It seems to match with the premiums mentioned in the mortgage paperwork I've seen. So I think BoS was correct when it said Mr and Mrs L paid £4,222.62 in premiums. BoS has refunded this amount and added 8% simple interest to each premium from when it was paid up until when it sent the cheque to Mr and Mrs L. The 8% simple interest is to compensate Mr and Mrs L for the time they've been out of pocket, and it's the same rate of interest that's usually used by the courts.

So I think BoS worked out the compensation how I'd expect it to. And I think it's put Mr and Mrs L back in the position they'd be in if the policy hadn't been sold to them.

I wouldn't normally award any *extra* compensation just because things have gone wrong. But Mr and Mrs L have said the PPI policy caused them financial hardship and meant that their bank account went overdrawn.

I've thought about this and I've looked at some transaction histories given to us by BoS. Having done so I don't think it was the PPI premiums alone that caused Mr and Mrs L's current account to go overdrawn. Put another way, from what I've seen, I think it's likely that even if the PPI policy hadn't been sold, Mr and Mrs L would still have gone overdrawn, and would still have experienced financial difficulties.

I've also taken into account how BoS dealt with the complaint. BoS seems to have replied quite quickly to the original complaint although it didn't agree the policy was mis-sold. But it reviewed the complaint after our involvement and then paid the compensation which was correctly calculated.

I can see Mr and Mrs L have said that BoS didn't give them a breakdown of the compensation when they asked for it. But BoS wrote to Mr and Mrs L in June 2013 to say that as they had referred their complaint to this service they'd need to contact us.

Taking everything into account I don't think BoS handled the complaint poorly. So I won't make any extra award for the trouble Mr and Mrs L went to in bringing their complaint.

my final decision

My final decision is that I think Bank of Scotland Plc has fairly compensated Mr and Mrs L for the mis-sale of the PPI policy. And I'm not making any further award against Bank of Scotland Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 5 November 2015.

Steve Thomas
ombudsman