

complaint

This complaint is about a payment protection insurance (PPI) policy taken out with a credit card in 1996. Mr B says NewDay Ltd 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 B case.

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

- Mr B doesn't remember any mention of PPI when he applied for his credit card – he thought it may have been sold to him over the phone after he's taken out his credit card, but NewDay has supplied some information that shows that Mr B's credit card and his PPI policy started on the same day. NewDay has also provided a sample credit card agreement that was in use at the time. On this, I can see that PPI is presented as an optional product – and needed to be selected with a tick to be added to the account. And I haven't seen anything to suggest that NewDay did anything different when it sold PPI to Mr B. So with this in mind, I think its likely NewDay made it clear that Mr B 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 as it was over 20 years ago.
- NewDay didn't recommend the PPI to Mr B so it didn't have to check if it was right for him. But it did have to make sure Mr B got the information he needed to decide if it was right for him.
- It's possible the information NewDay gave Mr B about the PPI wasn't as clear as it should've been. But as I think he chose to take out the PPI - 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.
- This means NewDay doesn't have to pay back all of the cost of the PPI to Mr B.

But NewDay will pay back *some* of the cost of the PPI to Mr B because:

- NewDay got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr B about that. Because NewDay didn't tell Mr B, that was unfair.
- To put that right, NewDay 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 B has said - but these points don't change my decision, and for the reasons set out above, I don't think the PPI was mis-sold.

what the business needs to do

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

NewDay should re-work the credit card account and pay back to Mr B the difference between what Mr B 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. NewDay should also pay Mr B 8%* simple interest if he paid off their credit card at some point.

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

my final decision

The PPI policy wasn't mis-sold – so NewDay Ltd does not have to pay back all of the cost of the PPI to Mr B.

But NewDay Ltd does have to pay back to Mr B 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'm required to ask Mr B to accept or reject my decision before 13 April 2019.

Claire Pugh
ombudsman