

complaint

Mrs L complains that Bank of Scotland plc ("BoS"), mis-sold her a monthly premium payment protection insurance (PPI) policy.

background

Mrs L applied for a credit card with BoS in September 2006. She was sold the PPI policy in connection with this credit card on the telephone in October 2006.

The policy cost 78p per £100 of the monthly outstanding balance. It would've paid 10% of the monthly outstanding balance for up to 12 months' if Mrs L was off work sick or lost her job.

The adjudicator upheld Mrs L's complaint.

BoS didn't agree with the adjudicator and the complaint has been passed to me to consider.

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 L's case.

Having done that, I've decided to uphold Mrs L's complaint.

BoS say that as this was an advised sale, they would've required Mrs L's consent to apply the policy to her account. They say Mrs L would've "knowingly consented" to taking the policy out after a discussion with the advisor.

But BoS don't have a call recording so I don't know what was actually discussed during the phone call. So in order to help me decide what is *more likely* to have happened, I've considered the submissions made and the documents provided.

BoS say they can't be certain what was or wasn't discussed with Mrs L during the call. Unfortunately, Bos haven't given us a sales script from the time of the sale so I can't say how the policy was presented to Mrs L and I don't know whether or not she was given the opportunity to consent to taking the policy.

But BoS have given us a document which forms the basis of the credit agreement. It confirms that the information on the form is a summary of what Mrs L told them. I can see on this document that there is a heading which says "you have requested" and then under this it clearly says "**No Repayments Cover**".

I appreciate that this was before the phone call but the fact remains that the only evidence I have about the sale of PPI shows that Mrs L didn't want PPI.

So in the absence of anything which shows me that Mrs L did consent to taking PPI during the phone call together with the fact that Mrs L didn't want PPI to begin with, I can't say that it is more likely that Mrs L consented to taking PPI.

It follows that I uphold Mrs L's complaint.

fair compensation

BoS should put Mrs L in the financial position she'd be in now if she hadn't taken out PPI.

- A. BoS should find out how much Mrs L would have owed when she closed her credit card account if the policy hadn't been added.

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.

BoS should then refund the difference between what Mrs L owed when she closed her account and what she would have owed if she hadn't had PPI.

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

- B. BoS should add simple interest on the difference between what Mrs L would have owed when she closed her account from when she closed it until she gets the refund. The interest rate should be 8% a year.[†]
- C. If – when BoS works out what Mrs L would have owed each month without PPI – Mrs L paid more than enough to clear her balance, BoS should also pay simple interest on the extra Mrs L paid. And it should carry on paying interest until the point when Mrs L would've owed BoS something on her credit card. The interest rate should be 8% a year.[†]
- D. BoS should tell Mrs L what it's done to work out A, B and C.

[†] HM Revenue & Customs requires BoS to take off tax from this interest. BoS must give Mrs L a certificate showing how much tax it's taken off if she asks for one.

my final decision

I uphold Mrs L's complaint against Bank of Scotland plc and require them to pay Mrs L the fair compensation set out above.

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

Navneet Sher
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