

complaint

This complaint is about a regular premium payment protection insurance (PPI) policy taken out in 2006. Mr D says The Royal Bank of Scotland Plc (RBS) mis-sold him the PPI.

background

Mr D applied for a 'Mint' credit card with RBS in April 2006 by post. At the same time RBS sold him PPI.

Our adjudicator thought Mr D's complaint shouldn't be upheld. Mr D disagreed. So the matter's been referred to me.

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. Having taken this into account, I've decided not to uphold Mr D's case. I'll now explain why.

RBS had to make it clear to Mr D that he didn't have to buy PPI. Mr D says he was sold the policy over the phone. But I've seen the application he signed. From the layout that was clearly a postal application. And I see that Mr D put a cross in a box and signed separately to show he wanted to buy PPI. He also had the option of buying card registration insurance, but didn't. So I think he understood these policies were separate and optional. Mr D selected PPI, signed to show he wanted it and then also signed to apply for the credit card. So I think RBS made it clear the policy was optional and Mr D chose to buy it.

Mr D says RBS advise him to buy PPI. RBS says it didn't. I've already established Mr D is mistaken about how he was sold the policy. Because with a postal application he wouldn't have had any contact with RBS, I don't think it can have advised him to buy the policy. And there's nothing on the application that makes me think this was an advised sale. So I've assessed this as a non-advised sale. This means RBS didn't have to make sure the policy suited Mr D. But it did still have to give Mr D enough information to decide for himself if he wanted the policy. And this had to be clear, fair and not misleading. From the application form, I don't think RBS gave Mr D all the information he needed. But I don't think it made a difference in this case because:

- Mr D was eligible for the policy.
- I don't think he was affected by its main restrictions or exclusions. For example, about employment status or pre-existing medical conditions.
- Mr D says he was entitled to six months' full and six months' half sick pay. And he'd have received six months' salary if made redundant. He says these other means show he didn't need PPI. This policy would've paid 10% of his monthly balance for up to a year if he'd been off work sick or lost his job. So it would've paid out for longer than his sickness or redundancy pay would've covered his salary. And for this reason, I think Mr D would've found the policy valuable.

- If Mr D had decided he didn't want the cover anymore, he could've cancelled it at any time without losing out.

So I think even if RBS had told Mr D everything it should've, he'd still have bought PPI.

But RBS will pay back *some* of the cost of the PPI to Mr D 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 D about that. Because RBS didn't tell Mr D, that was unfair.
- To put that right, RBS has 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 D has said - including what he's said about his savings and the documents he's sent me. But these points don't change my decision.

putting things right

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

my final decision

For these reasons I don't think the PPI policy was mis-sold – so The Royal Bank of Scotland Plc doesn't have to pay back all of the cost of the PPI to Mr D.

But The Royal Bank of Scotland Plc does have to pay back to Mr D 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 L to accept or reject my decision before 15 February 2018.

Mike Foster
ombudsman

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