

complaint

Mr S has complained that Barclays Bank Plc (Barclays) mis-sold him a payment protection insurance (PPI) policy.

background

Mr S took out a credit card with Barclays over the internet in 2007. At the same time he was sold a PPI policy.

The policy was designed to provide cover in the event that Mr S was unable to work due to accident, sickness or unemployment.

At the time of sale Mr S was employed full time and entitled to four months' full sick pay from his employer. He was also a self-employed at the time.

Our adjudicator upheld Mr S' complaint. They didn't think Barclays had made the key terms and conditions of the policy clear enough to Mr S. The adjudicator didn't think Mr S would've gone ahead with the policy had he been fully informed.

Barclays didn't agree with the adjudicator's opinion so the case has 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 S' case.

I've decided to uphold Mr S' complaint because I don't think Barclays gave him clear enough information about the policy.

The sale took place over the internet. Barclays has sent us screenshots that it says show what Mr S would've seen when he was applying for his card and PPI policy online. I can see Mr S could click on a link to access the policy summary. But this didn't set out the policy restrictions relating to self-employed consumers claiming unemployment benefit. So I don't think Barclays highlighted to Mr S everything he needed to know when he had to decide whether or not to take out the policy – in particular what Mr S would need to do to claim for unemployment. I think this would've mattered to Mr S because his circumstances at the time meant he would've found it difficult to claim.

At the time Mr S was employed full time. But he was also self-employed and bringing in a second income from this work.

I think this means it would've been difficult for Mr S to claim on the policy for unemployment. Firstly Mr S would've had to have lost both jobs at the same time to be classed as unemployed. But as Mr S was self-employed he would also have to permanently cease trading and have the company wound up. These terms are quite restrictive and needed to be highlighted to Mr S before he took out the policy – and I don't think they were.

I don't think Mr S would've bought the policy if he'd had enough information about it and realised what he would've needed to do to claim for unemployment. So I think Mr S has lost out because of what Barclays did wrong.

what Barclays should do to put things right

Barclays should put Mr S in the financial position he'd be in now if he hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. Barclays should find out how much Mr S would owe on his credit card if the policy hadn't been added to it.

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.

Barclays should then refund the difference between what Mr S owes and what he would've owed.

If Mr S made a successful claim under the PPI policy, Barclays can take off what he got for the claim from the amount it owes him.

- B. If – when Barclays works out what Mr S would have owed each month without PPI – Mr S paid more than enough to clear his balance, Barclays should also pay simple interest on the extra Mr S paid. And it should carry on paying interest until the point when Mr S would've owed Barclays something on his credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.[†]
- C. Barclays should tell Mr S what it's done to work out A and B.

[†] HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr S a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons set out above I uphold Mr S' complaint. Barclays Bank Plc should now pay Mr S compensation in line with the above instructions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 April 2016.

Lucy Wilson
ombudsman