

complaint

Mr D is unhappy with how National Westminster Bank Plc (NatWest) has resolved his complaint about a payment protection insurance ('PPI') policy attached to his credit card.

background

Mr D took out a credit card with NatWest in 2003. Mr D also had a PPI policy on that credit card.

In 2017 Mr D complained to NatWest that the PPI policy was mis-sold. NatWest agreed and calculated that it owed Mr D £449.76 (after tax).

Mr D signed and returned an acceptance form.

NatWest then said that because Mr D owed it money on the credit card account it would use that £449.76 to reduce that debt.

Mr D wasn't happy with this and brought the complaint to this service.

Our adjudicator agreed that the approach NatWest took was fair. Mr D disagreed and so the complaint has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

NatWest has agreed to settle Mr D's complaint. So I won't be looking at how the policy came to be sold – because that's not in dispute.

I understand Mr D will be disappointed but I agree that the approach NatWest has taken in this case is fair. I'll explain why.

As our adjudicator explained, when a business agrees to settle a PPI complaint we expect it to – as far as possible – put the consumer back in the position they would've been in had they not been sold the PPI policy.

NatWest has shown this service some basic history about Mr D's account. These include internal screen shots from Mr D's account and some monthly statement data.

This shows that at some point around 2004 to 2005 Mr D had some trouble in making his repayments. In July 2005 he had a debt on the account of £3,076.96. After that, interest being charged on the account was stopped. Mr D did continue to make some irregular payments on the account ranging in value. The last payment was made in November 2009 for £18.90 leaving a debt of £2,440.58 on the account.

I understand that Mr D thinks this debt doesn't exist anymore and so the money should be paid directly to him – because more than 6 years has passed since the last action was taken. Presumably, NatWest 'wrote off' the debt or agreed to no longer pursue Mr D for the debt. But the debt does still exist, because Mr D hasn't paid it back. It just means that NatWest decided, back in 2009, to no longer pursue Mr D *legally* for the debt and it's unlikely he will have to make any more payments towards the debt.

Also, Mr D isn't actually out of pocket for the money he was charged for the PPI policy. Mr D took out his card in November 2003 and was charged PPI until June 2005 – when he had some trouble making financial payments. Everything Mr D was charged for PPI remains part of the debt that Mr D owes NatWest – because he's never paid it back. Ultimately, NatWest has agreed it owes Mr D a 'debt' of £449.76 and Mr D owes NatWest a 'debt' of £2,440.58.

As I've mentioned above, we expect businesses to put the consumer back in the position they'd have been in had they not taken out PPI. If Mr D hadn't taken PPI out on this credit card the debt on his credit card account would still be there but it would be slightly lower (having removed what he was charged because of the PPI).

So I think it's fair for NatWest to use this £449.76 to reduce the debt Mr D owes on his credit card account.

my final decision

For the reasons I've discussed above, I think the approach National Westminster Bank plc has taken to resolve Mr D's PPI complaint is fair. So I don't think it needs to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 February 2018.

Martin Purcell
ombudsman