

complaint

Mr R says NRAM plc mis-sold him a payment protection insurance ("PPI") policy.

background

Mr R took out a loan in 2006. He bought PPI at the same time. He later complained that the PPI had been mis-sold. NRAM agreed but it said it wouldn't pay any compensation to him because he entered into an individual voluntary arrangement (IVA) in 2007.

NRAM says it wrote off a significant amount of Mr R's debt. And that he has no legal right to complain about mis-sold PPI. It says it only agreed to accept a lower amount on the understanding that Mr R wouldn't take legal action against it and that a "statutory bargain" was agreed.

NRAM said it would pay compensation directly to Mr R's insolvency practitioner ("IP") but the IP says it has no interest in any compensation due.

Our adjudicator agreed that NRAM didn't need to pay any compensation but they thought Mr R's outstanding debt needed to be reduced.

my findings

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

NRAM says Mr R has no legal right of action for the mis-sale of PPI. I don't need to make a finding on this point because he does have the right to ask us to look at this complaint.

The Financial Services and Markets Act 2000 says a complaint can be referred to the Financial Ombudsman Service if it's referred by "*an eligible complainant*." A complainant is eligible if they meet the requirements set out in the DISP rules. Mr R is a "*consumer*" within the meaning of the rules and he was an NRAM customer. So he's entitled to ask us to look at his complaint.

NRAM has agreed that it mis-sold PPI, so I don't need to consider how Mr R came to take it out. The only thing I need to decide is whether it needs to do anything to put things right.

I think it does and I'd like to explain why.

When a business mis-sells a PPI policy to a consumer, we expect it to take steps to put that consumer (so far as is possible) in the financial position they'd be in if they hadn't taken out the policy.

Although Mr R successfully completed his IVA, that doesn't mean his debts were written off. It does mean that the people he owed money to won't chase him for repayments. But the debts continue to exist. And when Mr R's IVA completed, he still owed NRAM over £2,500. If he'd never been sold PPI, I think it's most likely he'd still owe NRAM something but it would be a lower amount.

I think the fair thing for NRAM to do to put things right is to amend its records to show what Mr R would have owed if he hadn't had PPI. And if a third party has a record of Mr R's debt,

NRAM should contact them to ask them to amend their records to accurately reflect how much Mr R owes.

final decision

For the reasons I've explained, I uphold Mr R's complaint.

To put things right, NRAM plc needs to follow the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 April 2016.

James Kimmitt
ombudsman