

## **complaint**

Mr S says The Royal Bank of Scotland Plc ("RBS") mis-sold him a payment protection insurance ("PPI") policy.

## **background**

This complaint is about a credit card PPI policy taken out in 1996. The policy was added to Mr S's credit card account when he applied for the card by post.

I issued a provisional decision in February 2016 upholding this complaint. I upheld it because I didn't think RBS clearly explained to Mr S how much the policy cost and what benefits he would've got from it. And I didn't think he would've chosen to take out PPI if it had done so.

Mr S took out the PPI on a postal application. And he ticked a box to say that he wanted to take it out. But I didn't think the application form set out how much the policy cost or what it would pay out if he made a claim. I understood that this information was set out in the policy documentation. But I didn't think the application form explained to Mr S where to find it. So I didn't think he would've clearly understood what he was agreeing to.

I didn't think Mr S would've bought the policy if he'd had enough information about it. Mr S had told us that he was entitled to six months full sick pay followed by six months half pay. He also said he kept at least £5,000 in a building society account. I didn't think what he'd told us was unreasonable. So I thought he would've thought he had enough to meet his credit card repayments without PPI if he was off work.

Given this, I didn't think Mr S would've thought the policy was good value if he'd know how much it cost and what benefit he got from it. So, I thought Mr S had lost out because of what RBS did wrong.

RBS accepted my provisional decision. Mr S said he didn't have anything further to add.

## **my findings**

I've reconsidered 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's case.

As neither party has given me anything else to think about, I see no reason to reach a different conclusion. So I uphold this complaint for the reasons set out in my provisional decision.

## **what RBS needs to do to put things right**

RBS 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. RBS 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.

RBS should then refund the difference between what Mr S owes and what he would have owed.

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

- B. If – when RBS works out what Mr S would've owed each month without PPI – Mr S paid more than enough to clear his balance, RBS 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 RBS something on his credit card. The interest rate should be 8% a year.<sup>†</sup>
- C. RBS should tell Mr S what it's done to work out A and B.

<sup>†</sup> HM Revenue & Customs requires RBS to take off tax from this interest. RBS 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 I've explained, I uphold Mr S's complaint.

The Royal Bank of Scotland Plc should pay Mr S compensation in line with the instructions set out above.

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.

Guy Mitchell  
**ombudsman**