

complaint

Mr H complains that Bank of Scotland plc, trading as Halifax, mis-sold him a regular premium payment protection insurance (PPI) policy.

background

Mr H applied for a credit card with Halifax in March 2008. The PPI policy was added to his account during the credit card activation call in April 2008.

The cost of the policy was 78p per £100 of the monthly outstanding balance. The benefit was 10% of the monthly outstanding balance for up to a maximum of 12 months' per claim for accident, sickness and unemployment. The policy also provided some other benefits in addition to these main benefits.

Our adjudicator upheld Mr H's complaint. Halifax didn't agree with the adjudicator and the complaint has been passed 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 and I've taken this into account in deciding Mr H's case.

Having done that, I've decided to uphold Mr H's complaint.

Mr H complains that PPI was added to his account without his consent-he says "*PPI was never mentioned*". When he applied for the card he did so by completing a credit agreement which makes no mention of PPI.

It appears that Mr H then called Halifax to activate his credit card in April 2008. Halifax doesn't have a recording of Mr H's call. Nor have they been able to provide us with a sample sales script relating to the call. So I can't say how the policy was introduced into the call and whether or not the representative did obtain Mr H's consent to add the PPI to his account – or whether the representative would've been prompted to ask for his consent.

The documents sent out following the call are standard and so give me no insight into any aspect of the conversation during the call. These documents also do not address the issue of whether or not Mr H actually consented to the policy. They do mention that the PPI is "*optional*" but this is in smaller print on page six. The first page-in bigger type makes no mention of the optional nature of the product. Mr H says he never got any paperwork regarding the PPI. Even if he did I don't think these documents make the optional nature of the PPI sufficiently clear.

Given Mr H's comments that PPI was never mentioned to him and the lack of a call recording from Halifax, I can't say it is likely Mr H did consent to the policy.

So I uphold Mr H's complaint.

What the business should do to put things right

Halifax should put Mr H 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. Halifax should find out how much Mr H 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.

Halifax should then refund the difference between what Mr H owes and what he would have owed.

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

- B. If – when Halifax works out what Mr H would have owed each month without PPI – Mr H paid more than enough to clear his balance, Halifax should also pay simple interest on the extra Mr H paid. And it should carry on paying interest until the point when Mr H would've owed Halifax something on his credit card. The interest rate should be 8% a year.[†]

- C. Halifax should tell Mr H what it's done to work out A and B.

[†] HM Revenue & Customs requires Halifax to take off tax from this interest. Halifax must give Mr H 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 H's complaint and require Bank of Scotland plc, trading as Halifax, to pay Mr H fair compensation, as outlined above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 5 November 2015.

Rod Glyn-Thomas
ombudsman