

complaint

Miss A says Capital One (Europe) plc mis-sold her a payment protection insurance (PPI) policy.

background

This complaint is about a credit card PPI policy taken out in 2003. The policy was added to Miss A's credit card account when she applied for the card by post.

Our adjudicator upheld the complaint. Capital One disagreed with the adjudicator's opinion so 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 Miss A's case.

I've decided to uphold Miss A's complaint because I don't think Capital One explained the cost and benefit of the policy properly. And I don't think Miss A would've bought the policy if it had.

Capital One says Miss A was properly furnished with information about the cost and benefits of the policy. I can see the credit card application form she filled about told her the cost would be 79p per £100 of her monthly outstanding balance. But I can't see it told her the cost of the premium would be added to what Miss A owed on her credit card and that she would be charged interest on that. Or that she would have to keep paying for the policy even if she made a claim. Capital One has pointed out that this was set out in the policy document, but I don't think that was enough to properly highlight these points to Miss A.

I think this would have mattered to Miss A. Miss A has told us that at the time she bought the PPI she was entitled to nine weeks full sick pay and had a significant amount of savings. So I don't think Miss A would've been very worried about making credit card repayments if she was sick or lost her job.

I don't think Miss A would've bought the policy if she'd been given clear enough information about the cost and benefit of the policy. So, I think she's lost out because of what the Capital One did wrong.

I've taken into account all of Capital One's comments, but I still think I should uphold the complaint.

putting things right

Capital One should put Miss A in the financial position she'd be in now if she hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. Capital One should find out how much Miss A would owe on her 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.

Capital One should then refund the difference between what Miss A owes and what she would have owed.

If Miss A made a successful claim under the PPI policy, Capital One can take off what she got for the claim from the amount it owes her.

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

[†] HM Revenue & Customs requires Capital One to take off tax from this interest. Capital One must give Miss A a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've explained, I uphold Miss A's complaint.

Capital One (Europe) plc should pay Miss A compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss A to accept or reject my decision before 10 July 2015.

Helen McNeeney
ombudsman