

complaint

Ms W says that The Royal Bank of Scotland plc (RBS) mis-sold her a regular premium payment protection insurance (PPI) policy with a credit card.

background

In 1998 RBS sold Ms W the PPI for a credit card. The PPI provided accident, sickness and unemployment cover.

Our adjudicator upheld Ms W's complaint. RBS didn't agree and so the complaint comes to me to decide.

my findings

I have 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 Ms W's complaint.

One of the policy's eligibility conditions was that Ms W had to be in "gainful employment". This was defined as meaning someone who was permanently employed and paying Class 1 National Insurance contributions.

At the time Miss W took PPI she was permanently employed but not in a country where she paid Class 1 National Insurance contributions. RBS said they had no evidence to show Ms W wasn't working in the UK and paying Class 1 contributions. But Miss W has sent us copies of letters she received at her address in 1998. These show that she wasn't living in the UK at the time. So I think that Miss W was permanently employed but wasn't paying Class 1 contributions. So because Miss W wasn't paying these contributions she wouldn't have been eligible for the policy. She'd never have been able to claim under it and RBS shouldn't have sold it to her.

For the above reasons I uphold Ms W's complaint.

what RBS should do to put things right

RBS should put Ms W in the financial position she'd be in now if she hadn't taken out PPI.

- A. RBS should find out how much Ms W would have owed when she closed her credit card account if the policy hadn't been added.

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 Ms W owed when she closed the account and what she would have owed if she hadn't had PPI.

If Ms W made a successful claim under the PPI policy, RBS can take off what she got for the claim from the amount it owes her.

- B. RBS should add simple interest (at 8% a year)[†] on the difference between what Ms W would have owed when she closed the account from when she closed it until she gets

the refund.

- C. If – when RBS works out what Ms W would have owed each month without PPI – Ms W paid more than enough to clear her balance, RBS should also pay simple interest (at 8% a year)[†] on the extra Ms W paid. And it should carry on paying interest until the point when Ms W would've owed RBS something on her credit card.
- D. RBS should tell Ms W what it's done to work out A, B and C.

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

my final decision

For the reasons I've explained above, I uphold Ms W's complaint.

The Royal Bank of Scotland plc should pay Ms W compensation in line with the instructions set out above.

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

Julian Cridge
ombudsman