

## **complaint**

Mrs S says Canada Square Operations Limited mis-sold her a payment protection insurance (PPI) policy.

## **background**

This complaint is about a credit card PPI policy taken out in June 2004. The policy was added to Mrs S's credit card account when she applied for an 'Egg' credit card online.

Our adjudicator upheld the complaint. Egg 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 Mrs S's case.

I've decided to uphold Mrs S's complaint because I don't think Egg explained the cost and benefit of the policy properly. And I don't think Mrs S would've bought the policy if it had.

Egg says the policy information was available to Mrs S online. I can see that Mrs S was told the cost would be 74p per £100 of her outstanding balance. But I can't see that she was told she would have to keep paying for the policy even if she made a claim. Or that the cost of the premium would be added to what Mrs S owed on her credit card and that she would be charged interest on that. While a link was provided to the full policy documentation I don't think Egg adequately made Mrs S aware of the importance of reading this or adequately drew the key terms and conditions of the policy to her attention.

I think this would've mattered to Mrs S. At the time she bought the PPI she was entitled to full sick pay from her employer for six months followed by a further six months sick pay at a reduced rate. Mrs S also held savings. So, I think she would've thought she'd have had enough to make her monthly payments for a quite while without the PPI. I don't think she would've thought the policy was good value for money.

I don't think Mrs S would've bought the policy if she'd been given enough information about it. So, I think Mrs S has lost out because of what Egg did wrong.

I've taken into account Egg's comments but I still think I should uphold the complaint.

After we sent out our initial assessment Mrs S's sent us proof of her savings and also told us that she was entitled to other employee benefits including insurance against long term illness. These further benefits would no doubt have given Mrs S further reassurance but due to the level of sick pay and savings she had I don't need to take them into consideration to make my decision.

### **what Egg should do to put things right**

Canada Square should put Mrs S 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. Canada Square should find out how much Mrs S 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.

Canada Square should then refund the difference between what Mrs S owes and what she would have owed.

If Mrs S made a successful claim under the PPI policy, Canada Square can take off what she got for the claim from the amount it owes her.

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

- C. Canada Square should tell Mrs S what it's done to work out A and B.

† HM Revenue & Customs requires Canada Square to take off tax from this interest. Canada Square must give Mrs S 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 Mrs S's complaint.

Canada Square Operations Limited should pay Mrs S compensation in line with the instructions set out above.

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

Michael Ranaghan  
**ombudsman**