

complaint

Mr B says Barclays Bank PLC (trading as Barclaycard) mis-sold him a payment protection insurance ("PPI") policy.

background

This complaint is about a credit card PPI policy taken out in 2009. The policy was added to Mr B's credit card account when he applied for the card online.

The policy cost 56p for every £100 outstanding on his balance each month and it would've paid off Mr B's credit card balance in full if he died. If he'd been made redundant it would've paid off 10% of his balance each month for up to 12 months at a time. There was no accident or sickness cover.

Our adjudicator upheld the complaint. Barclaycard 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's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about PPI on our website and I've taken this into account when deciding this case.

I've decided to uphold Mr B's complaint because I don't think Barclaycard gave him clear enough information about the policy. I say this because although Mr B was told the cost was 56p per £100 of the outstanding balance, I don't think Barclaycard made him aware that the premium would be added to his credit card balance and could attract interest. And I don't think Barclaycard pointed out that the benefit was actually less than 10% in real terms, as Mr B would have to continue paying the premium while receiving the policy benefit.

I think this would have mattered to Mr B because at the point of sale he had a generous redundancy entitlement with his employer, which meant he could have managed without the PPI for long enough not to really need it.

I don't think Mr B would have bought the policy if he'd had enough information about it. So, I think Mr B has lost out because of what the business did wrong.

I've taken into account Barclaycard's comments, including what it said about the fact that Mr B was able to decide for himself what cover he needed. But irrespective of the options available to Mr B, I still don't think the cost information was clear enough for him to make an informed choice about the cover he was buying. So I still think I should uphold the complaint.

Barclaycard should put Mr B in the financial position he'd be in now if he hadn't taken out PPI.

- A. Barclaycard should find out how much Mr B would owe on his 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.

Barclaycard should then refund the difference between what Mr B owes and what he would have owed if he hadn't had PPI.

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

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

† HM Revenue & Customs requires Barclaycard to take off tax from this interest. Barclaycard must give Mr B a certificate showing how much tax it's taken off if he asks for one.

my final decision

I'm upholding Mr B's complaint and I direct Barclays Bank Plc to pay compensation as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 July 2015.

Sally Allbeury
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