

complaint

Mr N says that Barclays Bank Plc (Barclays) mis-sold him a payment protection insurance (PPI) policy.

background

Mr N took out the PPI policy in December 2005 when he applied via the internet for a credit card.

Our adjudicator upheld the complaint. Barclays 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 the sale of PPI on our website and I've taken this into account in deciding Mr N's case.

I've decided to uphold Mr N's complaint because:

- Mr N completed the credit card application over the internet. I have seen from the screen shots provided by Barclays that he selected the 'yes' box to have the PPI added to the account. So I think he knew he had a choice about whether to take the policy or not.
- Barclays didn't recommend the policy to him. But it still had to provide information to Mr N that was clear, fair and not misleading. This was so Mr N would be able to make an informed decision about whether to buy the PPI or not.
- I don't think Barclays gave Mr N clear enough information about the cost of the policy.
- Barclays has sent us a sample copy of the application Mr N would've completed via the internet. It has also sent us copies of the 'Policy Document', 'Policy Summary' and the online 'Guide to Insurance'.
- I can see from the application form that the 'yes' box selecting the PPI appears after the terms of the PPI policy have been set out. And that the cost, which was given as 79p per £100 of the outstanding balance, is shown in three separate places. This includes being in bold by the 'yes' box itself.
- But I don't think Mr N would've fully understood the cost of the policy. I've seen that the 'Policy Document' and 'Summary' states that the premium must continue to be paid when claiming. This information doesn't appear in the policy details on the application form.
- The language used in the policy and summary isn't straightforward or clear and I think could be misunderstood. This section refers to the need to pay 'while claiming benefit'. And I can see that the meaning of 'benefit' in the policy is contained in a separate section. So Mr N would've had to refer to different terms to understand what was meant. I also think that the use of small and closely worded print means that

Mr N's attention wouldn't have been drawn to this important information.

- So I think it's more likely than not that Mr N wouldn't have realised that he had to continue to pay for the policy if he had to claim which would've had the effect of reducing the value of the benefit.
- I also don't think it was clearly set out that the premium would've been added to what he owed on the card and he could be charged interest on it.
- Mr N has told us that he would've got some sick pay from his employer if he hadn't been able to work due to health reasons. He also had some savings available. So he would've been able to make arrangements to pay the credit card bill if he hadn't been able to work for any reason. At the time of the application I see he was also living at home with his parents. So I don't think Mr N would've thought the policy provided good value to him when looking at the potential full costs of having it.

From what I've seen I don't think Mr N would've taken the policy if he had been given enough clear information to be able to understand the full cost of having the PPI. So I think Mr N has lost out because of what the business did wrong.

fair compensation

Barclays should put Mr N 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. Barclays should find out how much Mr N 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.

Barclays should then refund the difference between what Mr N owes and what he would have owed.

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

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

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

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

my final decision

For the reasons I've explained, I uphold Mr N's complaint.

Barclays Bank Plc should pay Mr N compensation in line with the instructions set above. Under the rules of the Financial Ombudsman Service, I am required to ask Mr N to accept or reject my decision before 9 July 2015.

Jocelyn Griffith
ombudsman