

The complaint

Mr P has complained that Nationwide Building Society mis-sold him a credit card payment protection insurance (PPI) policy. He's also unhappy about the way Nationwide Building Society carried out a recent review of the case.

What happened

Mr P took out the PPI when applying for the credit card in 2000.

He originally used the services of a claims management company (CMC) to make a complaint in 2017. Nationwide then sent its final response letter on 16 February 2018. It didn't uphold the mis-sale complaint, but it did offer to refund payment of unfair commission and profit share. The payment for this was made on 26 February 2018.

In 2022 Nationwide contacted Mr P to say it was carrying out a review of both this complaint and another complaint he'd previously made about mortgage PPI. Nationwide spoke to Mr P over the phone and then sent a new final response letter, again rejecting the complaint, on 27 October 2022.

Our investigator didn't uphold the complaint. Mr P disagrees with the investigator's view and so the complaint has been passed to me for a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Part of Mr P's dissatisfaction is that, during the phone call he had with Nationwide, it focused solely on the mortgage complaint and there was no mention of the credit card. Also, in the subsequent final response letter, although the heading states that the letter is about both the mortgage and the credit card, there is no further reference to the credit card in the main body of the letter.

In its correspondence with us, Nationwide has acknowledged this error and has asked us to pass on its apologies to Mr P. Overall, I consider an apology is a sufficient response to this part of Mr P's complaint. That's mainly because I don't think it would have made a difference if there had been further discussion about the credit card sale, which I'll explain below.

Mr P says it wasn't sufficiently explained that the PPI was optional and not a necessity of furthering his application.

I've seen a copy of the credit card application form that Mr P completed. He filled it in at home and then returned it by post, so there was no input from Nationwide during the sale.

The application form has a separate section for PPI. There's a brief description of the benefits and the cost, with the applicant being referred to further enclosed information about

the policy. The applicant then has a choice of two boxes to tick – one to accept PPI or another to confirm that it is not wanted. Mr P has ticked the 'yes' box.

My view is that the wording on the application form is fairly neutral and doesn't show any bias or is trying to influence applicants to choose the 'yes' option. The 'no' option is equally as prominent. Based on the available evidence, I'm not persuaded that Mr P wouldn't have understood that he had a choice about whether to take out the PPI or not.

The sale was a long time ago and so it wouldn't be surprising if Mr P's recollection of events has faded. It seems to me that he decided to buy the PPI, knowing that he didn't have to, even if he no longer remembers doing so.

Nationwide didn't make a personal recommendation that Mr P should purchase the PPI, so it didn't need to ensure that it met his needs. But it did need to provide Mr P with sufficient information for him to make an informed choice about whether or not the policy was right for him.

I think Mr P would have known something about the PPI – that it would have covered his credit card repayments in the event he was unable to work due to accident, sickness or unemployment – because I doubt he'd have decided to buy it without knowing anything at all about it. And the application form set out the cost as 60p per £100 of outstanding credit, so I think Mr P would have had a reasonable idea of what he'd be paying for it. I accept that Nationwide didn't sufficiently highlight that the policy limited the number of monthly benefit payments to twelve per claim.

Mr P's employer would have given him sick pay of between six and twelve months. But the policy would have paid out in addition to any sick pay and potentially for longer than he would have received full pay for.

Mr P says he had some savings at the time. But having the PPI would have allowed him to retain any savings or use them to cover other outgoings at what would have been a difficult time. He also says his parents would have helped financially. But the PPI would have meant he wouldn't have to ask his parents to pay his credit card bill for him.

In addition, the policy had the potential to clear the outstanding balance in full in certain circumstances. So, while Mr P didn't know some things, the ultimate position in the event of a successful claim wasn't dissimilar to what he would reasonably have thought from the information he based his decision to take out the policy on and found acceptable.

It's possible that Nationwide didn't provide as much information as it should have about the policy, particularly about the things that it didn't cover. But Mr P wasn't affected by any of those things. For example, he didn't have a pre-existing medical condition that might have been excluded under the policy terms. As I consider that he had an interest in the PPI and decided to buy it, I don't think that further information would have caused him to change his mind. So, he is no worse off as a result of anything Nationwide may have done wrong, so there's nothing Nationwide needs to do to put things right.

Our investigator thought that Nationwide's commission refund was a fair way to resolve the case. Mr P says he now disagrees with that, although I note that he did not refer the complaint to us in 2018 after receiving the initial final response letter and refund. In this case, Nationwide made Mr P an offer of compensation in relation to the level of commission it received that's in line with the methods set out by the Financial Conduct Authority. Overall, I consider that to be fair redress in the circumstances.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 December 2023.

Carole Clark
Ombudsman