Appendix 3 Handling Payment Protection Insurance complaints

3.9 Other matters concerning redress at steps 1 and 2

App 3.9.1 G Where the complainant's loan or credit card is in arrears the *firm* may, if it has the contractual right to do so, make a payment to reduce the associated loan or credit card balance, if the complainant accepts the *firm's* offer of redress. The *firm* should act fairly and reasonably in deciding whether to make such a payment.

App 3.9.2 G In assessing redress, the *firm* should consider whether there are any other further losses that flow from its breach or failing or from its failure to disclose commission (as applicable), that were reasonably foreseeable as a consequence of the *firm's* breach or failing or of its failure to disclose commission, for example, where the *payment protection contract's* cost or rejected claims contributed to affordability issues for the associated loan or credit which led to arrears charges, default interest, penal interest rates or other penalties levied by the lender.

App 3.9.3 G Where, for single premium *policies*, there were previous breaches or failings or previous failures to disclose commission (see DISP App 3.2.7 G) the redress to the complainant should address the cumulative financial impact.

App 3.9.4 G The *firm* should make any offer of redress to the complainant in a fair and balanced way. In particular, the *firm* should explain clearly to the complainant the basis for the redress offered including how any compensation is calculated and, where relevant, the rescheduling of the loan, and the consequences of accepting the offer of redress.