

## **2.11 Deputy J.A. Martin of the Minister for Economic Development regarding the repayment of Payment Protection Insurance in Jersey:**

Will the Minister advise on the situation regarding the repayment of Payment Protection Insurance in Jersey and confirm that anyone who was mis-sold a policy is able to reclaim their payments?

### **Senator A.J.H. Maclean (The Minister for Economic Development):**

Anyone who believes that they have been mis-sold Payment Protection Insurance is advised to write to the institution enclosing evidence of mis-selling. I understand that some refunds are being made on a case-by-case basis although to some extent are reliant upon the approach adopted by individual financial institutions. Where issues with P.P.I. (Payment Protection Insurance) have arisen in the Island they are covered by remediation and compensation arrangements that have been put in place by the U.K. banking groups. However there is currently no regulatory regime to ensure Jersey financial institutions refund in clear cases of mis-selling, although a Financial Services Ombudsman Scheme is being progressed for introduction in early 2014.

### **2.11.1 Deputy J.A. Martin:**

I think the Minister may have unwittingly misled the House because the big banks in the U.K. are just a phone call away from refunding mis-sold P.P.I. Jersey, which say we have a head office in the Isle of Man, the U.K. courts only said P.P.I. that was mis-sold in the U.K. must be repaid and banks have stated they will not repay it. But then again, would the Minister agree that this really does not touch the Financial Commission because it is only hundreds of thousands of pounds owed to little people in Jersey who have had a £100 loan or a £1,000 loan and they will not be seeing any of their money back. What is the Minister going to do about it? [11.12.12]

### **Senator A.J.H. Mclean:**

The question started in a very nice and pleasant way and ended not quite in the same frame, but nevertheless I think the final point in my opening answer clearly clarifies what we are doing about it and that is the introduction of a Jersey Financial Services Ombudsman. That is the most appropriate route in order to ensure that local people can get proper compensation and a proper hearing in cases of alleged mis-selling. I should point out that of the cases that have gone to the U.K. Financial Ombudsman, 25 per cent of those or thereabouts have not been upheld, so not all cases are upheld, but I do accept there is a problem and in the case of Jersey institutions there is no recourse as we stand today although some of those institutions are choosing of their own volition to repay where the case is proven.

### **2.11.2 Deputy M.R. Higgins:**

Can the Minister tell us why it is that in the *Alternate* case, other than the fact it went through a court and the court said there had been mis-selling and other actions, why it is the Minister has taken no action on the mis-selling issue and why, for example, with P.P.I., Mr. George Burrows and others, is the department proving to be totally ineffective. What was so special about *Alternate* that does not apply to these other cases?

### **Senator A.J.H. Mclean:**

Quite simply, that went to the court and a restitution order was successful. That was the differential in that particular case. To say that nothing is being done is not the case. I have already pointed out and Members are aware that a Jersey Financial Services Ombudsman is being put in place and that is an absolutely appropriate step to take in order to ensure the local consumers are protected.

### **2.11.3 Senator A. Breckon:**

Is the Minister aware that U.K. banks operating in Jersey are recognising the Financial Ombudsman questionnaire? They are investigating cases within 8 weeks and they are, in fact, paying out to Jersey residents.

[11:15]

**Senator A.J.H. Mclean:**

I thank the Senator. Yes, I am aware of that, I did mention it in the opening answer to the question but thank you very much to the Senator for re-clarifying it.

**2.11.4 Deputy J.A. Martin:**

Yes, it does really annoy me when Ministers have it both ways. On the other case we are waiting to see on the interest scandal what the U.K. courts will do and the U.K. courts have done something but it does not cover Jersey. I do not see the little people getting any money back. These banks are exactly the same with interest, bank charges the same. They operate exactly the same as they do in the U.K. except that P.P.I. is not going to be given back to the people who really need this money. I cannot see the Minister, whatever his promise... unless they can speak to the banks. Why are we not covered by the U.K.? Why can we not take the banks to court like the U.K. Government did?

**Senator A.J.H. Mclean:**

I did think I had made this clear, that where there is a case of mis-selling that involves a U.K. banking group that is operating in the Island, those cases are being dealt with, as I understand it. If the Deputy, who is shaking her head, has knowledge to the contrary then please enlighten me with it.

**Deputy J.A. Martin:**

If you would just give way a moment, yes, I phoned the head office, which is in the Isle of Man, of one of our big banks in Jersey and they are absolutely fundamental that no, it does not cover offshore bank accounts and we are classed as offshore; P.P.I. no repayments.

**Senator A.J.H. Mclean:**

That is not as I understand it but I am more than happy to look into the matter if the Deputy would kindly give me the details. Drop me an email, I will look into it and circulate Members of the outcome just to clarify it but, as I say, I understand the U.K. banking groups are assisting.