

## The complaint

This complaint is about the mis-sale of monthly premium payment protection insurance (“PPI”) by Plane Saver Credit Union Limited (“PSCU”) to Ms A from 2002 to 2011 in respect of 11 loans.

## What happened

Ms A applied for 11 loans with PPI from 2002 to 2011. She said she had a good professional relationship with a staff member (I’ll call her D) working at PSCU. Ms A said she didn’t see policy booklets or insurance details; the paperwork for her loans was prepared quickly by D and without fuss, so Ms A only had to sign documents when they were presented to her. Ms A said she did not see any insurance details at the time of each sale. Ms A concludes the PPI was mis-sold.

Our adjudicator thought the complaint should be upheld on the basis that the policies were not suitable for Ms A and she hadn’t been given enough clear information to make an informed choice.

PSCU disagreed with our adjudicator’s view and asked for the matter to be looked at again by an ombudsman.

## 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.

I think the relevant issues to take into account are the same as those set out in the note on our website about our approach to PPI complaints.

I have decided to uphold Ms A’s complaint for the reasons set out below.

PSCU said the PPI was bought from a sales representative at a meeting. They were all advised sales so PSCU had to make sure the policies were suitable for Ms A and it had to give Ms A enough clear information so she could make an informed choice.

PSCU said the loan agreements show that Ms A signed to have PPI added to each loan account. I have looked through all the loan agreements very carefully. The 8 loan agreements taken out in 2002, 2003, 2004 and 2007 show Ms A signed saying “*I wish to have my loan covered with Payment Protection Insurance*”. Although there is nothing on these agreements to confirm what PPI information was given to Ms A to explain the terms and conditions. PSCU added it sometimes sent the policy with full details of the insurances. But I think that would have been after a sale.

The 3 loan agreements taken out in 2006, 2010 and 2011 show that Ms A signed saying she had received, read and understood either a PPI Booklet and/or a Policy Summary. PSCU confirmed their loan documents are concise and to the point; it said it is not an extensive document that Ms A would have to spend hours reading through and the “one-

paper” loan agreement mentioned PPI – so I think obtaining a loan was a quick process. However, Ms A said she didn’t see insurance details before signing any of the agreements, particularly as her attention was probably focussed on getting a loan. And she said the loan document was always prepared by D and ready for Ms A to sign.

So, in respect of all loans, I think it is possible that Ms A may have continued with her purchases without being aware of the things the policy did not cover (“the exclusions”). And I don’t know exactly what she was told or when by staff member, D. So I think PSCU did something wrong in the way it sold PPI to Ms A.

I also looked carefully at the policy which PSCU said was attached to all 11 loans. Under the exclusion clause, Ms A wouldn’t have been able to make a claim for any condition she had at the start of the policy.

This is important because Ms A has confirmed she had a pre-existing medical condition. She was diagnosed with it around 1993 after several difficult lifetime events and had later taken six months off work in the past for it. The possible effect is that Ms A wouldn’t have been covered by the PPI policy if she needed to make a claim due to the pre-existing medical condition.

As Ms A was suffering from a medical condition, she may have been receiving treatment to control it and it was likely to continue. It’s also clear to me she would have been aware of her condition at the time of each sale.

So I think the exclusion clause meant the policy was not suitable for Ms A’s needs and this clause should have been highlighted to her more clearly. I am satisfied that PSCU probably didn’t highlight this significant feature in a clear way to Ms A during the sales. As a result, this was a failing in each sale. I think that if Ms A had been properly informed about the exclusion, she wouldn’t have gone ahead with buying the PPI policy given her medical circumstances at the time.

Taking everything into account, I think the PPI policy was mis-sold on Ms A’s 11 loans, so I uphold this complaint. I think PSCU has to put things right for Ms A.

### **Putting things right**

Plane Saver Credit Union Limited should put Ms A in the financial position she’d be in now if she hadn’t taken out PPI.

- Refund all the PPI premiums to Ms A
- Pay 8% simple interest on the premiums calculated from when each payment was made to the day when she gets the refund\*
- If Ms A made a successful claim under the PPI policy, Plane Saver Credit Union Limited can take off what she got for the claim from the amount it owes her.

\*HM Revenue & Customs requires Plane Saver Credit Union Limited to take off tax from this interest. Plane Saver Credit Union Limited must give Ms A a certificate showing how much tax it’s taken off if she asks for one.

### **My final decision**

My final decision is that I uphold this complaint and Plane Saver Credit Union Limited should put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 3 November 2020.

Amrit Mangra  
**Ombudsman**