

The complaint

Miss P has complained that MotoNovo Finance Limited mis-sold her a payment protection insurance (PPI) policy when she took out finance to buy a car.

What happened

Miss P contacted MotoNovo in May 2022 to say that she had been off sick for three weeks, at which time it referred her to the insurer to make a claim on the PPI.

Miss P's claim was subsequently declined. As a result of this, she thinks that the policy was mis-sold to her by MotoNovo. She says it told her she'd be able to make a claim after 30 days but the insurer told her that she couldn't claim for the first six months.

Our adjudicator partly upheld the complaint. He didn't think that the policy had been mis-sold because MotoNovo had acted reasonably in trying to ensure that the policy was suitable for Miss P. However, as it seems that Miss P was likely ineligible for the policy, he thought that MotoNovo should refund the premiums that Miss P had paid. MotoNovo agreed to this and offered to refund £77.91.

Miss P disagrees with our adjudicator's opinion 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.

There appears to be some confusion about the six-month period. The policy has a 30 day waiting period, not six months. But the insurer didn't decline Miss P's claim because she tried to make it within six months. They declined it because Miss P had not been paying National Insurance (NI) contributions in the six months prior to taking out the policy.

If Miss P thinks that the insurer made a mistake in turning down her claim, then she would need to complain to them separately. In this decision I am just looking at whether MotoNovo mis-sold the policy.

This was an advised sale. This means that, in recommending the PPI to her, MotoNovo needed to ensure that it met Miss P's needs. To do this they went through a 'demands and needs' questionnaire with her. One of the questions was:

'Are you aged between 18 and 65 years and have you been in continuous employment for the last 6 months and do you pay National Insurance Contributions?'

Miss P answered 'Yes' to this. So on that basis, MotoNovo had no reason to suspect that the policy wasn't entirely suitable for her.

I've also seen evidence that MotoNovo correctly informed Miss P that she couldn't make a claim within the first 30 days, in line with the policy terms and conditions.

Our adjudicator's view was that Miss P's answer to the above question had indicated that she was eligible for the PPI but in reality her situation meant that she was ineligible and so would never have been able to make a successful claim. As such, he thought it would be fair for MotoNovo to refund the premiums she had paid. As MotoNovo consented to this, I agree that this would be a fair way to resolve Miss P's complaint.

My final decision

For the reasons set out above, my decision is that MotoNovo Finance Limited did not mis-sell the PPI policy. But MotoNovo Finance Limited should now carry out its offer to refund Miss P's premiums.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 21 September 2023.

Carole Clark
Ombudsman