

complaint

Mr D1 and Mr D2 complained that they were mis-sold a payment protection insurance (PPI) policy with a car loan by Perrys Motor Sales Limited ("Perrys").

background

Mr D1 and Mr D2 bought the PPI policy in August 2005 when they bought a car. Perrys said that the sale took place during a meeting and that it recommended the policy. Mr D1 and Mr D2 complained that they only took the PPI because they thought they had to.

This was a single premium PPI policy, so the cost (£1,609.12) was added to the borrowing and was repayable, with interest, over the 48-month term. The policy provided life, critical illness, accident and sickness cover. If there had been a successful accident and sickness claim, the policy would've covered the loan repayments for up to 24 months per claim, and up to 36 months in total.

Our adjudicator didn't think there was enough evidence to say that Perrys mis-sold the policy. So they didn't uphold the complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about the sale of PPI on our website, and I've taken this into account in deciding Mr D1 and Mr D2's case.

I've decided not to uphold this complaint.

This isn't an easy case to decide as there's so little evidence from the time of the sale – Perrys said it had destroyed its records as the loan was repaid several years ago. I don't think this is unreasonable. So I need to base my decision on what I think is most likely to have happened given the information I *do* have.

Mr D1 and Mr D2 told us what they remembered about the sale. I have a copy of the loan agreement, but Perrys said they no longer had other sales documents because the sale took place so long ago. But it was able to give us a sample copy of its demands and needs and recommendation document. I think it's reasonable to take this as broadly representative of what would've been used at the time of the sale.

The loan agreement shows that the PPI was described as optional (next to the amount of the premium) although this – like all of the content of the agreement - was in quite small print. But I can also see that Mr D1 and Mr D2 ticked a box and signed to say that they wanted the PPI. I think it's likely that the adviser completed a demands and needs document with Mr D1 and Mr D2. I accept that I don't have the original, but I can see that the sample copy does show tick boxes to say whether or not the customer accepts the recommendation of the PPI, with a space for the customer to sign underneath.

I've considered what Mr D1 and Mr D2 said about being led to believe that they had to take out the PPI policy. But I've also kept in mind that they were advised to take out the cover. so it's quite possible that the adviser told Mr D1 and Mr D2 that it was a good idea for them to have the policy, rather than that they *must* have it. This is a subtle difference, and as the

sale took place some years ago it's possible Mr D1 and Mr D2 have misremembered exactly what was said at the time.

Overall, from the evidence I have, I don't think I can say that it's most likely that Mr D1 and Mr D2 were told they *had* to take out the policy, which is what I must be able to do before I can uphold their complaint on this point. I simply don't have enough evidence that this is what happened.

Perrys recommended the policy for Mr D1 and Mr D2. So it should have made sure that the policy was suitable for them. From what they told us about their circumstances at the time of the sale, I think it was.

Mr D1 and Mr D2 said that they were each working for their family business and they were in good health. They said that if either was off sick from work, they would continue to be paid. They also said that they had some savings - although it's not clear whether both Mr D1 and Mr D2 had savings or whether it was just one of them. However, I've kept in mind that the PPI could've paid out for up to 24 months for a single claim, and I think it's unlikely that the business could've supported full sick pay for this length of time. So I think the PPI could have provided a useful benefit.

I've also looked at the cost of the policy, and I'm satisfied that the potential benefit reasonably exceeded the cost. And although I don't think Mr D1 and Mr D2 would've received a pro-rata refund of the premium if they'd repaid the finance early, I've no evidence to say that they planned to do this at the time of the sale.

I've also looked at the information Mr D1 and Mr D2 might have been given about the policy. The PPI premium was shown separately on the finance agreement, along with the interest chargeable and the total cost. So I think the cost was adequately disclosed. I also have a copy of the policy summary. I don't know when in the sales process Mr D1 and Mr D2 might have received the summary. But I can't see that either was affected by any of the exclusions in the policy, so I don't think this would have made a difference to Mr D1 and Mr D2's decision about taking it.

Overall, I'm not satisfied that there's enough evidence to say that Perrys mis-sold the policy to Mr D1 and Mr D2. As I've said, I think it could've provided a useful benefit. This means Mr D1 and Mr D2 are not worse off, so there's nothing Perrys needs to do to put things right.

my final decision

For the reasons I've explained, I've decided not to uphold Mr D1 and Mr D2's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D1 and Mr D2 to accept or reject my decision before 3 May 2016.

Jan Ferrari
ombudsman