

complaint

Mr J complains that he was mis-sold a payment protection insurance ("PPI") policy when he took out a loan with Barclays Bank Plc ("Barclays").

background

In 2000 Mr J took out a loan with Barclays. At the same time he was sold a single premium PPI policy which would've covered the repayments on his loan for as long as the term of his loan if he couldn't work because of an accident or sickness. It also provided up to 12 months at a time of redundancy cover, as well as hospitalisation cover.

The cost of the policy was added to Mr J's loan and he paid interest on it.

Mr J complained that he didn't recall any discussion about the PPI. He says it must have been added to his loan account without his knowledge. He says he wouldn't have taken it if he'd had a choice.

The adjudicator didn't think that Mr J's complaint should be upheld. Mr J doesn't agree, so his case has been passed to me to make a decision.

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 PPI on our website and I've taken this into account when deciding this case.

When we first looked at Mr J's complaint we thought it should be upheld. Barclays hadn't been able to provide enough information about how the policy was sold. And so we weren't satisfied that they'd made clear to him it was an optional product.

But later Barclays were able to provide us with more information about their processes, including sample documents which would've been in use at the time. After this service received this information the adjudicator thought that this changed things, and so decided that Mr J's complaint shouldn't be upheld after all.

I appreciate that this is frustrating for Mr J given our first response. But new information can, and sometimes does, come to light at a later stage.

I've looked at the new sample documents which Barclays say were in use at the time and I think it's likely that Mr J saw and signed this, or something very like it. And I can see that it offered Mr J a clear choice about whether he bought the PPI. The leaflet which includes the application form also makes it clear that it's an optional product. So I think it's more likely that Mr J did choose to buy it and that he would've known he didn't have to buy it if he didn't want to.

Barclays advised Mr J to buy the policy, so it needed to take reasonable steps to make sure that the policy was suitable for him. There's no record of how this was done, and I'm not surprised this information isn't still available given 15 years have passed. So I've looked at Mr J's circumstances at the time to see whether the recommendation was reasonable. I think that it was. I say this because:

- Mr J was eligible for the policy and it doesn't look as if he'd have been affected by any of the terms which might've made it more difficult for him to claim, such as self-employment or a pre-existing medical condition;
- Mr J would've only got statutory sick pay if he was too ill to work; and he didn't have any savings he could call on. I think if Mr J wasn't able to work he'd have quickly found it difficult to meet the repayments on his loan without the PPI;
- Mr J hasn't told us about any contractual redundancy pay he might've been entitled to. But given his length of service I don't think it would've been very much. So I think the policy offered him useful cover;
- Mr J says that his parents would've helped him out with his loan repayments if he couldn't work. Whilst I'm sure that this would've been what his parents wanted to do this help couldn't have been guaranteed;
- I note that this is a single premium policy which wouldn't have offered him a proportionate refund if he wanted to refinance his loan early. But I haven't seen anything that suggests Mr J would've thought this was likely at the time he took out the loan and the policy, so I don't think it would've affected his decision to buy it;
- The cost of the policy was reasonable in light of the benefits it offered and I haven't seen anything which suggests the policy made the loan unaffordable for Mr J.

Mr J's representatives say that because of his age he was financially naïve. But Mr J was 24 at the time, so I don't think his age alone can be a reason to suggest he was unaware of what he was doing.

Although Barclays have given a detailed description of what they say Mr J would've been told about the policy I don't know if this would've been followed word for word by the advisor. I can see that the cost of the policy would've been set out clearly on the credit agreement, but even if Mr J didn't get all the rest of the information he needed I don't think more information would've made him act differently and not buy the policy. I say this because I think the policy was suitable for him as I've described above.

So I don't think Mr J has lost out as a result of anything Barclays might've done wrong.

my final decision

I'm not upholding Mr J's complaint and so Barclays Bank Plc doesn't have to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 December 2015.

Sally Allbeury
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