

complaint

Mr R has said Grampian Credit Union Limited (GCU) mis-sold him payment protection insurance (PPI).

background

I issued my provisional decision in January 2019, a copy of which is attached and forms part of this final decision. In my provisional decision I explained why I was not intending to uphold Mr R's complaint. I asked everyone to send me any further comments and information before I reached a final decision.

Neither Mr R or GCU have provided anything further for me to consider.

my findings

I've re-considered all the evidence and arguments already sent to us to decide what's fair and reasonable. As I've not received any new evidence, I've reached the same conclusions I reached in my provisional decision, for the same reasons.

my final decision

For the reasons I've explained in my provisional decision, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 March 2019.

Sonia Hussain
ombudsman

copy of provisional decision

complaint

Mr R has said Grampian Credit Union Limited (GCU) mis-sold him payment protection insurance (PPI).

background

This complaint is about a monthly premium PPI policy taken out with a loan in 2005 and then with another loan in 2009.

Our adjudicator said the complaint about the 2005 policy should be upheld but GCU disagreed. Our adjudicator also said the complaint about the 2009 policy should not be upheld but Mr R disagreed. Now the complaint has been passed to me to decide.

my provisional 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 R's case.

I'm currently not intending to uphold Mr R's complaint and I'll explain why.

2005 sale

Our adjudicator upheld this sale because there wasn't enough evidence to suggest that Mr R was given the opportunity during the sale to actively confirm that he wanted to take the policy out.

Although I appreciate what the adjudicator has said, I don't agree.

GCU has said it would have presented both policies as optional to Mr R and he would have needed to agree to take them out. GCU has also said that as a Credit Union it is there to serve the needs of its members and is not a profit making organisation.

I have considered both sides' submissions on this point carefully. Unlike other financial organisations that operate for a profit, there doesn't seem to be much benefit to GCU to include PPI automatically, without giving consumers the chance to say no to the cover. While I accept it's possible Mr R wasn't given a choice, I think it's more likely he did opt to take out PPI.

GCU recommended the PPI to Mr R so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover and he seems to have had a need for the cover. At the time of the 2005 sale, Mr R was self-employed. But I don't think it would've been any more difficult for Mr R to make an unemployment claim than someone who was employed. The policy provided accident and sickness cover for up to 24 months per claim and unemployment cover for 12 months per claim. So I think the PPI would have been useful for him.

It's possible the information GCU gave Mr R about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off taking out the cover.

2009 sale

GCU have provided a copy of the loan agreement completed at the time. I can see there is an option to say "yes" or "no" to PPI. PPI had been selected and printed before it was signed by Mr R. I think it's likely the PPI was selected as a result of a conversation between Mr R and GCU. As Mr R was agreeing to additional credit, I would have expected him to have read the document and raised any questions he had at the time before signing in agreement with it. So I think GCU made it clear that Mr R didn't have to take out the PPI and that he chose to take it out.

GCU recommended the PPI to Mr R so it had to check that the PPI was right for him – and based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover and he seems to have had a need for the cover.

At the time of this sale, Mr R was employed. Mr R hasn't told us if he would have received any sick pay but nonetheless, the PPI would have paid *in addition* to any sick pay he may have received. The policy provided accident and sickness cover for up to 24 months per claim and unemployment cover for 12 months per claim. So I think the PPI would have been useful for him. And I can see it was as GCU has told us Mr R made a successful unemployment claim in 2010.

It's possible the information GCU gave Mr R about the PPI wasn't as clear as it should've been. But he chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have him off taking out the cover.

I've also thought about the commission Mr R paid on his policies – and whether GCU treated him unfairly.

GCU has told us that the commission for Mr R's policies was less than half of what he paid for each premium. We've looked at how GCU has been working this out and based on what we've seen it looks like it's right – Mr R's commission was less than half the cost of the policies. As that's the case, I don't think it needed to tell him about the commission – so I don't think GCU treated him unfairly. This means it doesn't need to pay Mr R back any of the commission he paid for the PPI.