

complaint

Mr and Mrs L say Ask Finance Limited ("Ask") mis-sold him payment protection insurance ("PPI") policy.

background

This complaint is about a single premium PPI policy taken out in August 2006 in association with a secured loan. Mr and Mrs L took out the policy during a phone call.

Mr and Mrs L thinks Ask mis-sold it to them.

Our adjudicator upheld the complaint. Ask disagreed with the adjudicator's opinion so the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what is 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 and Mrs L's case.

I've decided to uphold Mr and Mrs L's complaint because the information Ask most likely gave them about the costs of the policy wasn't as clear as it should have been. I say this because I cannot be sure that the representative gave clear information to Mr and Mrs L during the phone call and the sales documentation that have been provided suggests that it did not.

The breakdown of costs on the credit agreement does not clearly show how much the PPI policy cost in total including the interest charged over the life of the loan. If this credit agreement is what most likely would have been discussed during the phone call then it is not, in my view, enough to fairly bring the costs to Mr and Mrs L's attention.

I think Mr and Mrs L have lost out as a result of Ask's failings in this case, because I don't think they would have taken out the policy if they'd been properly informed of the total cost of the PPI policy.

fair compensation

Mr and Mrs L borrowed extra to pay for the PPI, so their loan was bigger than it should've been and they paid more than they should've each month. So Mr and Mrs L need to get back the extra they have paid.

So, Ask Finance Limited should:

- Work out and pay Mr and Mrs L the difference between what they paid each month on the loan and what they would've paid each month without PPI.
- Add simple interest to the extra amount Mr and Mrs L paid each month from when they paid it until they get it back. The rate of interest is 8% a year[†].

- If Mr and Mrs L made a successful claim under the PPI policy, Ask Finance Limited can take off what they got for the claim from the amount it owes them.

† HM Revenue & Customs requires Ask Finance Limited to take off tax from this interest. Ask Finance Limited must give Mr and Mrs L a certificate showing how much tax it's taken off if they ask for one.

my final decision

For the reasons set out above, I uphold Mr and Mrs L's complaint.

I require Ask Finance Limited to pay Mr and Mrs L compensation in accordance with the calculation of redress set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs L to accept or reject my decision before 9 November 2015.

Mark Richardson
ombudsman