

complaint

Mr S complains that Ford Retail Limited (Ford) mis-sold him a regular premium payment protection insurance (PPI) policy when he took out a hire purchase agreement.

background

In 2009 Mr S entered into a hire purchase agreement during a meeting with a Ford Business Manager at a local branch. At the same time he was sold a regular premium PPI policy to protect his payments.

A successful claim under the policy would've covered Mr S's monthly payments for up to 12 months per claim if he was unable to work due to accident or sickness.

Our adjudicator didn't think the complaint should be upheld. He thought Ford presented the policy as optional to Mr S and that the policy suited his needs. Mr S disagreed. He says Ford added the policy automatically and that he didn't need the policy.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've decided not to uphold Mr S's complaint.

Mr S says he *'did not need this policy. It was added automatically'*. Ford disagreed and says that the sales process they had in place at the time would've ensured that it was clear to Mr S that taking PPI is optional. Ford says that the finance would've been agreed before any recommendation of PPI was made and that Mr S would've chosen to take out the policy after being given verbal and written information about it.

I don't have any written record of the meeting or sales script to refer to so I've looked at the paperwork from the time of the sale to help me decide what happened. This includes Mr S's hire purchase agreement, policy document and sample demands and needs statement.

The hire purchase agreement has a separate boxed section dealing with PPI headed *'Optional Payment Protection Plan (PPP).'* This section sets out the cost of Mr S's repayments with and without PPI, and confirms the PPI covers him for accident and sickness.

I think that the hire purchase agreement did make it clear that Mr S had a choice about taking out PPI. I think this because PPI was described as 'Optional', the cost of the PPI was set out separately to his repayments and Mr S signed separately to take out the policy. Because Mr S signed to take out the policy I don't think the PPI was added automatically.

This was an advised sale. What this means is that Ford not only had to provide information about PPI in a clear, fair and not misleading way so that Mr S could make an informed choice about buying PPI. They also had to make sure that if they were to recommend PPI that the policy was suitable to his needs and circumstances.

Mr S says he didn't need the policy. Ford says that the policy would've only been recommended based on Mr S's responses to the demands and needs document that would've been completed during the sale and if his circumstances showed a need for cover.

Ford hasn't been able to give us a completed demands and needs statement from the time of the sale so I can't be sure what was discussed or if they properly advised him. But I think the recommendation to take out the PPI was suitable for the following reasons:

- Mr S was eligible for the policy and it doesn't look like he would've been caught by any of the exclusions in the terms and conditions of the policy which could've made it difficult to make a successful claim.
- At the time of the sale Mr S says he wasn't entitled to any sick pay and had no other means of making his repayments if he was unable to work. So I think he may've found it difficult to meet his repayments if he couldn't work. The policy would've been a useful benefit for him in this situation.
- There was nothing to suggest that the policy wasn't affordable to Mr S.

Also, I can see that although Mr S did have the option to take out PPI to cover his repayments if he lost his job, only cover for accident and sickness was selected. This suggests that there was some thought that went into what his needs were. I think Mr S chose to take out cover for accident and sickness, without unemployment, because that is what he thought he needed. The policy provided a useful benefit and was a suitable recommendation for someone in his circumstances.

Ford needed to give Mr S enough information about the policy so that he could decide whether the policy was right for him. Ford says it gave Mr S verbal and written information about the policy before he decided to take the policy out.

I can see the costs were clearly laid out on the hire purchase agreement. I can't be sure if Mr S received, read or understood any information Ford gave him and I don't know how clearly the business manager explained the policy to him during the meeting. But based on what Mr S has told us about his circumstances at the time I don't think it would've made a difference in how the information was given to Mr S. I think he would've still taken out the PPI policy as it suited his needs, was of value to him and he had no other of cover in place.

This means Mr S isn't worse off as a result of any wrong doing by Ford.

my final decision

For the reasons I've explained, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 November 2015.

Caroline Davies

ombudsman