

## **complaint**

Mr and Mrs D say AIB Group (UK) Plc ('AIB') mis-sold Mrs D a payment protection insurance ('PPI') policy.

## **background**

In September 1996 Mr and Mrs D arranged a joint personal loan with AIB. At the same time AIB sold Mrs D a single premium PPI policy. The cost of the policy was added to the loan and attracted interest. The policy provided Mrs D with cover if she couldn't work because she was sick or lost her job. It would also pay off the loan if she died.

Our adjudicator thought Mr and Mrs D's complaint should not be upheld. This was because, given the information from Mr and Mrs D, they thought the policy was right for Mrs D.

Mr and Mrs D and their representatives disagreed with the adjudicator's opinion. They said the policy wasn't right for Mrs D and that enough information about the policy hadn't been made available to Mr and Mrs D. They also told us AIB hadn't done enough to show us that Mr and Mrs D had agreed to have the policy with their loan.

## **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 and Mrs D's case.

I've decided not to uphold Mr and Mrs D's complaint.

Mr and Mrs D's representatives have said there's not enough evidence to show Mr and Mrs D agreed to have the policy with their loan. Mr and Mrs D have told us they thought the PPI was compulsory.

So was it clear to Mr and Mrs D they had a choice in taking out PPI?

AIB and Mr and Mrs D all agree that a meeting took place to arrange the loan and PPI. AIB says a loan application form would've been completed first. And the credit agreement would've been signed after. It says Mr and Mrs D would've known they had a choice to take out PPI when they completed the loan application form.

I don't know what may have been said during that meeting. And AIB and Mr and Mrs D have not been able to provide us with copies of the actual application form and credit agreement Mr and Mrs D signed. Instead AIB has provided us with examples of the paperwork it says Mr and Mrs D would've seen.

The example loan application form includes a separate section for PPI where it's possible to indicate either 'yes' or 'no' to taking out the PPI. And the example credit agreement also includes a sentence to say that PPI 'is' or 'isn't' required – to be confirmed by crossing through the appropriate wording.

I can see Mr and Mrs D's recollections are limited – not unsurprising given the time that's passed. And as Mr and Mrs D met with a representative of AIB I can understand if AIB may have presented PPI to Mr and Mrs D as a good idea, but this isn't the same as AIB telling Mr and Mrs D they had to take out PPI. And I've not seen enough to make me think they were pressured to take it out.

Overall, it's not easy for me to know what happened. But I don't think AIB told Mr and Mrs D they had to take out the PPI. I think it's most likely AIB let Mr and Mrs D know they had a choice in having PPI.

AIB told us it didn't advise Mr and Mrs D to take out PPI and Mr and Mrs D have told us that it did. I can't know for sure, but I think it's possible that Mr and Mrs D may have thought they were getting advice as they met with a representative of AIB to discuss their loan application.

If I accept that AIB advised Mr and Mrs D to have PPI (so I hold it to a higher standard), then AIB had to make a recommendation that was suitable for Mr and Mrs D. And it also had to give them enough information about the PPI so they could decide if they wanted it.

It's possible AIB didn't do everything it needed to when it sold the PPI to Mr and Mrs D. But I think the policy was right for Mrs D and I think that if Mr and Mrs D had been properly informed about the PPI then they would still have gone ahead with the cover for Mrs D.

Mr and Mrs D completed our questionnaire for the PPI sold with loan account ending -7443. But they filled in the incorrect sale date on the questionnaire. So when providing details of their circumstances it wasn't clear if these were the correct circumstances for the time in question. Despite several requests to confirm if the information in the questionnaire was right, there was no response from Mr and Mrs D and their representatives. Given the questionnaire was completed for the correct loan account number, the adjudicator accepted the circumstances provided as correct for the time of the sale. And as nothing further has been provided to us since our adjudicator's opinion to suggest otherwise, I've also accepted this information about Mr and Mrs D's circumstances as correct for 1996.

Mr and Mrs D were significantly increasing their financial responsibility by taking out a loan for £12,000. The policy would provide Mrs D with cover if she couldn't work because she was sick or lost her job. It would pay a monthly benefit if she was sick for up to 60 months. And it would pay the monthly benefit for up to 12 months per claim if she was made unemployed as well as the outstanding balance if she died.

The policy would pay in addition to any sick pay Mrs D had through her employer and for longer. It would also have meant Mrs D didn't need to rely on any savings she may have had. There was also nothing in Mrs D's circumstances to suggest she would've found it more difficult to make a claim – she was employed and in good health. And she was eligible for the cover.

I don't know what may have been discussed about the cost of the policy. But the example credit agreement shows the PPI premium, the amount of interest payable on the premium over the whole term of the loan as well as the total cost of the policy over the loan term. And it also shows what this would mean on a monthly basis. So I think Mr and Mrs D would most likely have known the cost of the policy and that it would attract interest, as they would've had to sign the agreement.

If the policy was cancelled before the end of the term I can see that Mr and Mrs D wouldn't necessarily have got back as much of the PPI premium as they might have expected. For

example, if Mr and Mrs D had cancelled the policy half way through the term, they would not have received half of the premium back in return. Instead, they would have received less than this.

I can't be sure AIB considered this or that it was made clear to Mr and Mrs D. The information is buried in the policy booklet and I don't know what may have been said to Mr and Mrs D. But I've seen nothing to suggest they thought it might be possible they would repay the loan early. So I don't think this term would have mattered to them or affected their decision to have PPI.

This isn't an easy case to decide given the limited evidence and information available. But I think Mr and Mrs D most likely knew they had a choice in taking out the policy and they would've been aware of what the policy cost. And while I think it's likely Mr and Mrs D could have been given better information about the PPI's benefits and features, given Mrs D's circumstances at the time, I don't think this would have changed their decision to take out the policy for Mrs D if they'd been properly advised and informed.

### **my final decision**

For the reasons above, my final decision is that Mr and Mrs D's complaint is not upheld. And I make no award against AIB Group (UK) Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 25 January 2016.

Kristina Mathews  
**ombudsman**