

complaint

Mr M says Glasgow Credit Union Ltd mis-sold him payment protection insurance ('PPI') policies with a number of different loans. The level of cover varied from accident and sickness only, to accident, sickness and unemployment across the different policies.

background

Mr M took out PPI with a number of different loans between 2003 and 2010. He paid a monthly amount for the policy.

Our adjudicator upheld the PPI taken with loans in November 2003 and January 2004. Glasgow Credit Union Ltd made an offer to settle this part of the complaint.

Our adjudicator didn't uphold the other PPI policies sold with the other loans between 2004 and 2010. Mr M 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'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 M's case.

November 2003 and January 2004 sales

I haven't seen enough evidence that Glasgow Credit Union Ltd made Mr M aware that PPI was optional and that he agreed to take it out. I uphold the sale of the PPI with these two loans.

what the business should do to put things right

Glasgow Credit Union Ltd has shown us how much Mr M paid for PPI in relation to these two loans and how it intends to compensate Mr M. Their offer seems fair and in line with our approach if the loans didn't run for their full term, but for the avoidance of any doubt:

Glasgow Credit Union Ltd should put Mr M in the position he'd be in now if he hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Glasgow Credit Union Ltd should:

- Pay Mr M the amount he paid each month for the PPI
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 8% a year.[†]
- If Mr M made a successful claim under the PPI policy, Glasgow Credit Union Ltd can take off what he got for the claim from the amount it owes him.

† HM Revenue & Customs requires Glasgow Credit Union Ltd to take off tax from this interest. Glasgow Credit Union Ltd must give Mr M a certificate showing how much tax it's taken off if he asks for one.

PPI taken with loans between 2004 and 2010

I've decided not to uphold this part of Mr M's complaint because:

- Due to the time that's passed since the sale, call recordings are no longer available. This isn't unusual and in situations like this I've to decide what I think is *more likely* than not to have happened – based on the available evidence.

On balance, I think it's more likely than not that Glasgow Credit Union Ltd made Mr M aware that he had a choice about buying these PPI policies, and that he chose to take them out.

I say this for a number of reasons including:

- I've seen some of the paperwork signed by Mr M for some, but not all of the loans to consent to taking the PPI out. For example, for the May 2009 sale, on a demands a needs statement - which outlines what was being recommended, it states '*Our recommendation on our optional Insurance cover.*' Mr M has signed this document.
- I've also noted that there are inconsistencies in Mr M's testimony. For example, he initially complained that it was only recently that he realised he was paying for PPI and it was added without his knowledge. But in his PPI questionnaire dated October 2012, Mr M has said he was pressured into taking PPI.
- I've also considered that pressure can be subjective and what feels like pressure to one person may not to another. As this was a sale where Glasgow Credit Union Ltd were making a recommendation to take PPI, it's possible that the adviser may have said that Mr M *should* take PPI. But this is very different to the saying that he *had* to take PPI.
- I've also noted that Mr M made a claim on the PPI in February 2008. This doesn't support what he's said at one point about not knowing that he had PPI. Given the time that's passed since these policies were sold, it's not at all surprising that he may not remember everything clearly now.
- Glasgow Credit Union Ltd Business recommended the PPI to Mr M, and it seems to have been right for him based on the nearest relevant policy documents for each sale and what I've seen of Mr M's circumstances across this time period.
- As the call recordings are no longer available, I've assumed that Glasgow Credit Union Ltd could've explained the cost of the policy better than it did. But even if it had, I think that Mr M would still have bought the PPI policies as I think that Mr M had a need for PPI based on what he's told us about his existing means of making his repayments.

- It's possible Glasgow Credit Union Ltd didn't point out the main things the PPI didn't cover. But Mr M doesn't appear to have been affected by any of those things.

I've also thought about the commission Mr M paid on his policies taken out between April 2004 and February 2010 – and whether Glasgow Credit Union Ltd treated him unfairly.

Glasgow Credit Union Ltd has told us that the commission for Mr M's relevant policies was less than half of what he paid for each premium. We've looked at how Glasgow Credit Union Ltd has been working this out and based on what we've seen it looks like it's right – Mr M's commission was less than half the cost of the policy.

As that's the case, I don't think it needed to tell him about the commission – so I don't think Glasgow Credit Union Ltd treated him unfairly. This means it doesn't need to pay Mr M back any of the commission he paid for the PPI.

I've also taken into account Mr M's comments, including what he's said about not needing PPI because of his sick pay. But based on my wider understanding of Mr M's employment, although he was entitled to 12 months sick pay, half way through the 12 months, his pay would have decreased to half sick pay.

The PPI could have paid out for at least 12 months (potentially for up to 24 months dependant on when the policy was taken out), which is for longer than Mr M would have received full sick pay. So I still think that Mr M had a need for the cover and the recommendation to take PPI was suitable.

I've also considered that Mr M seems to have had limited or no other means apart from some sick pay for making his repayments.

Although Mr M has said that he didn't know what he was signing for, it wouldn't have been unreasonable for him to question what he was signing if he was unsure.

So these points don't change my decision.

my final decision

For the reasons set out above, I don't uphold Mr M's complaint about the PPI sold between 2004 and 2010.

But I do uphold Mr M's complaint about the PPI sold in November 2003 and January 2004. Glasgow Credit Union Ltd should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 4 February 2019.

Daniel O'Shea
ombudsman