

complaint

Mr A has complained that Glasgow Credit Union Ltd mis-sold him two payment protection insurance ("PPI") policies taken out in connection with two loans.

background

I set out the background to this complaint and my initial conclusions in my provisional decision of March 2014. In summary:

- Mr A took out two loans with Glasgow Credit Union in February 2003 and February 2004. He was sold regular premium PPI policies with these loans, which provided accident and sickness cover only.
- I thought it was more likely that Glasgow Credit Union had given Mr A the choice about whether to take out the policies, than an alternative where it added the PPI to his loans without getting his agreement.
- Mr A was eligible for both of the policies and was unlikely to have been affected by any of the main limitations or exclusions.
- I didn't think the recommendation to take out the policies was unsuitable, even though Mr A would have received sick pay from his employer and he had some savings. I thought the policies could have been useful to him if he couldn't work due to accident or sickness.
- Although I wasn't sure how Glasgow Credit Union had explained the costs to Mr A over the phone, given the competitive price and Mr A's need for the cover provided by the policies, I didn't think better information would have put him off taking them out. They seemed to be affordable.

Subject to any further representations by Mr A or Glasgow Credit Union, my provisional decision was that I was not minded to uphold Mr A's complaint or make any award against Glasgow Credit Union.

Glasgow Credit Union has not responded to my provisional decision. Mr A did not accept my provisional decision. He said, in summary:

- His complaint was raised because he was not given the option about whether to take out PPI and the policies were never discussed.
- The information about the cost of the policies on the loan agreements does not appear on the original documents.
- He has never seen the Payment Protection Booklet that Glasgow Credit Union has submitted to us as evidence. This document doesn't have an issue date or revision date.
- He would have received sick pay and had savings. His wife was also working. Therefore he did not need the PPI.

my findings

I have reconsidered all the available evidence and arguments, including the latest submissions from Mr A, to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as set out in my provisional decision and for the same reasons.

As I explained in my provisional decision, because I can't listen to what Mr A was told when he took out the policies, I can't know for certain what happened. I must therefore weigh up the available evidence to decide what is most likely to have happened.

I accept it is possible the policies weren't discussed with Mr A and they were added without his agreement. But I think it is more likely there was some discussion, which Mr A can no longer remember, and he agreed to take the policies out. I say this because these policies were taken out about ten years ago, during conversations where the focus would be on getting the loans. It wouldn't be surprising if Mr A had forgotten agreeing to take out PPI.

And I can see little benefit to Glasgow Credit Union, as a not for profit organisation, to sell PPI to Mr A if he didn't want it.

Mr A says the cost of the policies didn't appear on the original loan agreements. But he does not have copies of these. I can see why Mr A might think the cost of the PPI was added at a later date, as the insurance premium is in a slightly different font to the rest of the information that has been input onto the document. But I don't think this necessarily shows the cost wasn't on the agreements when they were signed by Mr A. Even if I accept the cost wasn't shown on the agreements and that Mr A might not have been aware it before he agreed to take the policies out, given the relatively low cost (less than £10 a month), I don't think he would have been put off taking the policies out if this had been made clearer.

I think it is unlikely Glasgow Credit Union wouldn't have sent Mr A the policy documents. But even if it didn't, I'm persuaded Mr A would have broadly understood the cover provided by the policies. And as he wasn't affected by any of the limitations or exclusions, it's unlikely he would have done anything differently if he had been given the full information about the policies.

As I explained in my provisional decision, despite the fact Mr A had sick pay and savings, I still think the policies would have been useful to him. If he was off work for longer than six months, his household income would have reduced considerably, even though his wife was working. The policies would mean he wouldn't have the worry of having to pay for the loan in what would be a difficult time. So I don't think they were an unsuitable recommendation in his circumstances.

Given what I have said above, and in my provisional decision, I am unable to safely conclude Mr A did not choose to take out the policies, knowing they were optional. And although I accept there may have been some shortcomings in how the policies were sold, I am not persuaded Mr A would have decided against taking them out, if he had been properly advised and informed and fully understood the position.

my final decision

I do not uphold Mr A's complaint about Glasgow Credit Union Ltd.

Claire Allison
ombudsman