

complaint

Mr M says that Barclays Bank Plc (Barclays) mis-sold him payment protection insurance (PPI) when he took out a personal loan.

background

Mr M took out a personal loan with Barclays in 2000. At the same time he bought a single premium PPI policy to cover his repayments in the event that he was unable to work. Mr M's loan was for £5,000, the PPI cost about £800 and interest was added to these amounts. The loan and PPI were due to run for three.

Mr M says that during the sale it was made clear to him that he'd have to buy PPI to get the loan. Recently he told us that he thought PPI was part of the loan. He also had other concerns, for example that the terms and conditions weren't explained properly. Barclays says that Mr M chose to buy PPI and that it was suitable for him.

Our adjudicator didn't uphold Mr M's complaint. Mr M didn't agree so the case has come to me for a final decision.

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.

I'm not upholding Mr M's complaint. I know that he will find this disappointing. So I want to explain to him why I've arrived at my decision.

Our adjudicator originally recommended upholding this complaint because we didn't have enough evidence to suggest that Mr M would've been given the opportunity to actively choose to buy PPI. Barclays' sales process wasn't clear.

But recently Barclays gave us a lot of sample documents which means we now have a better understanding of how it did things at the time of the sale. Because of this new information, in her last view our adjudicator said that she couldn't now uphold Mr M's complaint. I agree with her assessment.

Barclays hasn't been able to give us a copy of the documents Mr M actually completed. I don't think this is surprising as it's been 15 years since the sale happened. But I've seen a sample of the loan application that I think it's likely would've been filled in by, or on behalf of, Mr M. This included a section about PPI and would've given him a choice whether to opt for the policy or decline it.

I don't know what was discussed at the meeting with Mr M or how PPI was presented to him. Barclays says that having PPI was never a condition of their loans. And that Mr M would've been informed about the policy and its main features. From what I've read I can't fairly conclude otherwise.

So on balance I think it's more likely than not that at the time of the sale Mr M was asked about PPI and that he decided to buy the policy.

Barclays says that it advised Mr M to buy PPI. This means it had to make sure that the policy was suitable for him. From what I've read I think:

- Mr M was eligible for the policy. And he wouldn't have been affected by the main restrictions such as those for existing medical conditions or self-employment.
- Mr M told us that he wasn't entitled to sick pay from his employer if he'd been unable to work due to illness or accident. PPI could've potentially covered his repayments for the period of the loan which was due to run for three years. And it would've paid out in addition to the statutory sick pay he would've been entitled to. The policy also covered Mr M for critical illness. So I think the policy would've given him peace of mind about making the repayments on his loan, which was a significant financial commitment.
- In addition PPI gave Mr M cover if he was made unemployed for up to 12 months for a successful claim. I think this could've been a useful benefit, especially as Mr M says that he didn't have any savings or other ways of making his repayments if he'd been unable to work. And the policy also gave him life cover.
- I noticed that Mr M would've only received a limited refund of the PPI premium if he'd cancelled his policy early. But I haven't seen any information to suggest he might've needed the flexibility at the time of the sale to pay off the loan early.
- And I've not read anything that makes me think the policy wasn't affordable for him.

So overall I think the policy was suitable for Mr M.

Barclays also had to give Mr M information about the key features of the policy so that he could decide if PPI was right for him.

The sample loan agreement I've seen, which I think is likely to be similar to the form Mr M would've signed, shows the separate cost of the PPI premium that was added to the loan. It also shows the total cost of the policy over the term of the loan, the interest Mr M needed to pay and the monthly repayments. So I think Mr M was given clear enough information about the cost of the policy.

I don't know what was discussed about the policy and its main features. But I don't think this would've made a difference to Mr M's decision to take out PPI. As I explained above, I think the policy was suitable for him and it offered useful protection.

For these reasons, I think if Mr M had been given better information and advice he still would've bought the policy. So I don't think Mr M has lost out because of anything Barclays may've done wrong.

my decision

I'm not upholding Mr M's complaint for the reasons I explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 November 2015.

Kevin Williamson
ombudsman