

complaint

Mr K complains Financial Insurance Company Limited (FICL) mis-sold him a payment protection insurance (PPI) policy.

The policy, which Mr K bought in a car showroom, was sold by Black Horse Limited. But Black Horse wasn't covered by our rules at the time. So the insurance underwriter, FICL, has agreed to accept responsibility for this complaint. To keep things simple, I'll refer to FICL in my decision.

background

In 2003 Mr K took out a loan to buy a car. At the same time, he bought a PPI policy to protect his loan repayments. He borrowed extra to pay for it. This was added to Mr K's loan and he repaid it, with interest, over the four year term of the loan.

Mr K says he didn't know PPI had been added to his loan. He says he was asked to sign two copies of his hire purchase agreement in places the salesman had marked with crosses, which he did. He says there was no explanation about other options available to him, since the salesman knew he was unaware he'd taken out the insurance.

The adjudicator who looked at Mr K's complaint didn't uphold it. He thought Mr K probably knew he had a choice about the PPI and that, in his circumstances, it was suitable for him. Mr K disagrees. He says the sale took place very quickly and he didn't know he'd got PPI. So Mr K's complaint has been passed to me for a 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 this complaint.

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

I've thought about what Mr K says happened when he was sold the PPI. But, on balance, I think FICL made him aware he had a choice about it. I say this because the section of his hire purchase agreement that sets out details about the PPI says it's optional (although it's in small print). Also, the costs of the PPI – the premium, the interest, the total cost and the monthly cost – are set out quite prominently and separately from the car loan costs. So I think it's likely Mr K would've known he was buying PPI.

I don't know if FICL gave Mr K a personalised recommendation to take out the policy, because I don't have much information about what happened when it was sold. But, based on what I've seen of his circumstances at the time, if it did, it looks suitable for him.

I say this because Mr K was eligible for the policy. It would've paid his loan repayments for up to 24 months if he'd had an accident or was off work sick. This would've been on top of any sick pay Mr K might have got. It would also have paid out for up to 12 months if Mr K lost his job. I know Mr K says he had some savings but I don't think this made PPI unsuitable or unnecessary for him. He was taking on a reasonably large loan over four years. So I think

the policy could've given him a potentially useful benefit if he couldn't work or lost his job. And I also think the potential benefit the policy gave reasonably exceeded its cost.

If Mr K repaid his loan early and cancelled his PPI, he wouldn't have got a proportionate refund of his PPI premium. This means it would've cost him more than he'd have expected if he'd done this. But I've seen nothing to make me think this was in Mr K's plans when he bought the PPI, so I don't think this made the policy unsuitable for him.

It's possible the information FICL gave Mr K about PPI wasn't as clear as it should have been. But I can't reasonably say he wouldn't have benefited from having PPI. From what I've seen, Mr K wasn't caught by any of its exclusions or limitations. And the PPI policy seems to have been affordable for him.

As I've already mentioned, Mr K's hire purchase agreement shows what he'd need to borrow to pay for the PPI, the interest he was being charged on the PPI part of the agreement, the monthly cost to repay it and the potential total cost of the PPI. So I think Mr K would've known the overall cost of the PPI.

On balance, I don't think Mr K has been mis-sold PPI by FICL.

my final decision

For the reasons I've given, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 April 2016.

Jane Gallacher
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