complaint

Mr and Mrs R complain Northern Bank Limited mis-sold them a payment protection insurance (PPI) policy.

background

In 2002, Mr and Mrs R took out a loan with Northern Bank. At the same time, it sold them a single premium PPI policy.

I understand the policy covered their loan repayments if Mr R couldn't work because he was sick or lost his job. I understand it also gave him life.

Northern Bank says the loan was repaid, and the policy ended, in 2006.

Mr and Mrs R say they were led to believe everyone took the insurance and it would help them get the loan. They also say they told Northern Bank they had secure jobs with good sick pay and didn't need the cover.

The adjudicator who looked at Mr and Mrs R's complaint didn't uphold it. He thought they'd chosen to buy PPI and it met their needs.

Mr and Mrs R disagree and so their complaint has come to me to decide.

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 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 and Mrs R's complaint.

Mr and Mrs R say Northern Bank inferred that buying PPI would help them get the loan. Northern Bank says PPI wasn't a condition of the loan, and wouldn't have influenced whether or not Mr and Mrs R got it.

I understand the sale took place in a meeting. We don't have any notes of the meeting, so I don't know what Northern Bank said. What I do have, though, is a copy of the loan agreement Mr and Mrs R signed. It has a section on PPI. There are "yes" and "no" boxes, giving Mr and Mrs R a choice about PPI. And they have both signed underneath the "yes" option. Their signatures are separate from their signatures for the overall loan agreement. So I think Mr and Mrs R would've known they had a choice about whether or not to have PPI, and they decided to buy it.

Northern Bank recommended the PPI to Mr and Mrs R, so it needed to make sure it met their needs. Based on what I've seen of their circumstances at the time, I think it did.

Mr and Mrs R say they were in secure jobs. They say they'd both have got a redundancy payment if either of them lost their job. So they say they didn't need the policy. But Mr R could've claimed unemployment cover for up to 12 months for each claim he made, which would've been on top of any redundancy pay he got. They say Mr R would've got six months' full pay then six months' half pay if he was off work sick. But, under the policy, Mr R could've claimed sickness cover for up to the length of the three year loan and it would've been paid on top of his sick pay. So I think the policy could've been useful to them

Mr and Mrs R's loan agreement makes it clear there's a separate loan to pay the PPI premium. It sets out the amount of the premium, the interest payable on it and the total cost. It also sets out how much the PPI would cost Mr and Mrs R each month. So I think they were told enough to understand the cost. And I haven't seen anything to make me think they couldn't afford it.

It's not entirely clear, but I think Mr and Mrs R may only have got a limited refund of the PPI premium if they cancelled it early. I don't know if Northern Bank thought about this when it recommended the policy to them or told them about it, as it should've. But I've seen nothing to suggest Mr and Mrs R thought they'd repay the loan early. So I don't think this made the policy unsuitable or better information about it would've stopped them buying it.

Finally, I don't know if Northern Bank advised Mr and Mrs R about some of the things the policy didn't cover, as it should've done. These are things like existing medical conditions and unusual employment arrangements. But it doesn't seem as if Mr R was caught by any of these things. So I don't think they made the policy unsuitable.

As well as making a recommendation that met their needs, Northern Bank needed to give Mr and Mrs R clear information about the policy's main features so they could decide if it was right for them. From the information I've got, it's possible Northern Bank didn't make things as clear as it should've. But I don't think clearer information would've stopped them from buying PPI. That's because I think they chose to buy it and it met their needs.

I don't think Mr and Mrs R have lost out because of anything Northern Bank may have done wrong, so I don't think there's anything it needs to do to put things right.

my final decision

I don't uphold Mr and Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 19 February 2016.

Jane Gallacher
ombudsman