Financial Ombudsman Service

complaint

Mrs A complains DFS Trading Limited mis-sold her a payment protection insurance (PPI) policy.

background

In 2005 Mrs A took out a loan with DFS to buy some furniture. At the same time, DFS sold her a PPI policy.

Mrs A says she didn't know she'd bought PPI and, because she had good sick pay and a secure job, she didn't need it.

The adjudicator who looked at Mrs A's complaint didn't uphold it. He thought Mrs A had chosen the PPI and it was suitable for her. Mrs A disagrees and so her 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 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 Mrs A's complaint.

Mrs A says the PPI was added automatically without her knowledge.

I've looked at Mrs A's loan agreement. Although the quality of the copy I've got isn't good, I can see there's a section on PPI. It says the PPI is optional and a box to buy it is ticked. Mrs A has signed the agreement and her signature is close to the PPI section. So I think it's likely Mrs A agreed to buy the PPI knowing she had a choice.

DFS says it advised Mrs A to buy the PPI. So it had to make sure the policy met her needs. From what I know of Mrs A's circumstances at the time she bought it, I think it did.

Mrs A was eligible for the cover. And she wouldn't have been caught by any of the main things the policy didn't cover, such as existing medical conditions.

The policy cost Mrs A just over £7.00 a month. If Mrs A made a claim, I understand it could've covered her monthly loan repayments for up to the length of her three year loan if she was too sick to work or if she had an accident – or for up to 12 months if she lost her job. And she could've made more than one claim if she went back to work for a number of months in between. I understand the policy also gave her life cover. So I think its potential benefits could've been useful for Mrs A. And I haven't seen anything to suggest it was unaffordable for her at the time.

Mrs A says she'd have got good sick pay from her employer and her job was secure. But the policy would've paid out on top of her sick pay and potentially for much longer. It also would've meant Mrs A didn't need to rely on her husband to cover her loan repayments if she couldn't work for some reason. So I don't think her existing benefits made the policy unsuitable for her.

DFS also had to give Mrs A clear enough information about the policy so she could decide if it was right for her. I can see that the cost of the policy is set out in the loan agreement, so I think she had clear information about this. And even if DFS didn't make some of the other features of the policy as clear as it should've, I don't think Mrs A would be in a different position now. I've already said I think she chose to buy the PPI and it met her needs. So I don't think clearer or better information about the policy would've stopped her from buying it.

I don't think Mrs A hasn't lost out as a result of anything DFS may have done wrong. So there's nothing it needs to do to put things right

my final decision

I don't uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 15 February 2016.

Jane Gallacher
ombudsman