

complaint

Mr and Mrs C complain Northern Bank Limited mis-sold them three payment protection insurance (PPI) policies.

background

In 1999 and 2000, Mr and Mrs C took out three loans with Northern Bank. They bought PPI policies with all three loans. On the first of their 1999 policies and on the 2000 policy they paid a monthly premium. On their second 1999 policy they paid a single premium, so they borrowed extra to pay the premium and this was added to their loan and paid back (with interest) over its term.

Mr and Mrs C say that, for all the loans they took out with Northern Bank, including these three, they were always told they had to have PPI. They say they weren't told they had a choice about it and they didn't ask for it or want it.

The adjudicator who looked at Mr and Mrs C's complaint didn't uphold it. He thought they probably agreed to take out each of the policies. And he also thought that, while Northern Bank probably didn't give them all the clear information about the policies it should've, there was nothing in Mr and Mrs C's circumstances that showed the policies weren't right for them.

Mr and Mrs C 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 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 and Mrs C's complaint.

Northern Bank hasn't given us much information about how Mr and Mrs C's policies were sold. It says both 1999 policies were sold over the phone, while the 2000 policy was sold in a branch. It doesn't have call recordings for either of the phone sales, nor does it have copies of Mr and Mrs C's loan agreements for any of the loans. It has, though, given us samples of the documents it says it would've used at the time.

Northern Bank also says that, although the loans were in both Mr and Mrs C's name, only one of them would've been covered by the policies. But it can't say which one of them it was. Mr and Mrs C have said they think Mr C was covered by the policies. It's on this basis that I've looked at their complaint.

I've decided not to uphold Mr and Mrs C's complaint.

I think Mr and Mrs C probably agreed to buy the PPI in each case. As I've said, I don't have call recordings for the phone sales or any notes from the branch sale, so I don't know what Northern Bank's advisers said at the time. But I've looked at the sample documentation Northern Bank has sent us. On each of the sample loan agreements, there's a separate section for PPI. Each has "yes" or "no" tick boxes for customers to sign, depending on

whether or not they want the PPI. There's also a separate signature box for customers to sign to confirm their choice. So I think Mr and Mrs C probably ticked and signed to say they wanted the PPI for each of their loans, knowing they could've said "no" if they didn't want it.

I've also looked at whether there are any other reasons why I should uphold Mr and Mrs C's complaint. I don't think there are.

From what we know about how Northern Bank sold PPI at the time Mr and Mrs C bought their policies, I think they were probably advised to buy the PPI. This meant Northern Bank had to make sure it was right for them in each case. It also had to give them clear enough information about the policies for them to be able to decide if they wanted them.

From what I know of Mr and Mrs C's circumstances at the time, I think all three policies were suitable for them. Mr C was eligible for the cover. He was working full-time and in good health when he bought the policies, so he wouldn't have been caught by some of the things the policies didn't cover – like people with existing illnesses or those who worked on seasonal or fixed term employment contracts.

And, although Mr C had been in his job for a long time, he's said he wouldn't have got any pay if he'd had time off work sick. Although he says he could've got help from his family, he hasn't told us about any savings or other insurance policies he could've used to make the loan repayments if he was off work sick for a long time. Each of the policies would've given Mr C up to 12 months' cover if he lost his job, as well as cover for the length of the loans if he was off work sick. So I think the policies could've given Mr and Mrs C a potentially useful benefit if Mr C had been off work or lost his job, and it doesn't look as if they were unaffordable for them. In the case of the single premium policy, I think its potential benefits reasonably exceeded its cost.

In addition, Mr and Mrs C paid for the two monthly premium policies month by month, so they could've cancelled them whenever they wanted to, at no extra cost, if they decided they didn't need them anymore. For the single premium policy, I can't tell from the policy document if Mr and Mrs C would've got a proportionate refund of their premium if they'd decided to repay the loan early and cancel the PPI policy. But, since it seems their loan was only for 12 months, I don't think it's likely this would've been important for Mr and Mrs C.

I don't know what other information Northern Bank gave Mr and Mrs C about the policies when they bought them. I think it's quite possible they weren't given all the clear information they should've been. But, from sample quotations Northern Bank has given us for the two monthly premium loans, and which it says Mr and Mrs C would've been given, I think it makes the cost of the cover (around £13 a month for the first loan and around £15 a month for the second loan) reasonably clear. And, for Mr and Mrs C's single premium policy, from the sample loan agreement Northern Bank has given us, I think the cost of the PPI premium (which is set out separately from the loan amount), the interest charged on it, the total cost of the policy and its monthly cost would've been set out and so would've been reasonably clear to Mr and Mrs C. So I think information about the cost of the three policies was probably reasonably clear to Mr and Mrs C.

So, in conclusion, I think Mr and Mrs C probably agreed to buy all three PPI policies. I think the policies were suitable for them. Northern Bank may not have given them all the clear information about the policies it should've done but, because they were suitable and I think Mr and Mrs C wanted them at the time, I don't think clearer information would've stopped them from buying the PPI in each case.

I should mention that Mr and Mrs C's representatives say each of the PPI policies was a single premium policy. But, from what I've seen, the first 1999 policy and the 2000 policy were monthly premiums and only the second 1999 policy was a single premium one.

my final decision

For the reasons I've given, I don't uphold Mr and Mrs C's complaint.

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

Jane Gallacher
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