complaint

It’s been agreed in this case that Financial Insurance Company Limited (‘FICL’) as the insurer should accept responsibility for the complaint. To keep things simple I’ll refer to FICL in my decision.

Mr C complains that FICL mis-sold him a payment protection insurance (‘PPI’) policy. He says FICL shouldn’t have sold him the policy because he was self-employed. So it wasn’t right for his circumstances.

background

In 2001, Mr C took out a £9,372 loan (including interest) over 48 months to buy a motorbike. At the same time, FICL sold him a PPI policy.

Mr C borrowed extra to pay for the policy, which was added to the loan and attracted interest. The total cost of the policy with interest was £1,499.52.

Our adjudicator didn’t uphold the complaint. He found that there wasn’t enough information about the sale to say that FICL failed to make it clear to Mr C that he had a choice about taking out the policy. And he thought Mr C would’ve still gone ahead with it, even if FICL had given him better information about it.

Mr C disagreed. He said FICL told him that the policy would cover him if he lost his job. And that this wasn’t correct because the policy wouldn’t have covered him for unemployment because he was self-employed.

my findings

I’ve considered all the available evidence and arguments to decide what is 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 C’s case.

I’ve decided not to uphold Mr C’s complaint.

This is a difficult case to decide given the lack of evidence available. Mr C and FICL haven’t been able to give us any paperwork from the time of the sale. But Black Horse Finance Limited (Black Horse), who financed Mr C’s loan, has given us a copy of its computer records relating to Mr C’s account.
The document confirms the existence of this loan, that insurance was linked to it, and that the loan was closed in 2005. The cost of the PPI premium is also shown. So I’m satisfied that Mr C was sold a PPI policy.

Based on the evidence I’ve seen I don’t think FICL advised Mr C to take out the policy. This means FICL didn’t need to make sure the policy was right for him. But it did have to give Mr C enough clear information about the policy so that he could make an informed decision about whether he wanted to take it out.

Mr C says FICL shouldn’t have sold him the policy because it wasn’t right for his circumstances. He’s told us: “*the salesman said the insurance would cover me if I were not* *able to work for any reason. This is why I took the insurance out. I have found out that this insurance was totally inappropriate for a self-employed person."*

Because I don't know what happened at the sale, it's difficult for me to reach any sensible conclusions about whether FICL gave Mr C enough clear information about the policy. But I do have copies of two policy documents from 2001 and 2002 to help me reach my decision. And I can see that the terms relating to accident, sickness and unemployment benefit is the same in both documents. So I think the policies are likely to give a fair picture of what Mr C would've been given when he bought the insurance.

According to the documents, Mr C was eligible for the policy and he's told us he didn't have any health problems. So I don't think better information about the policy's limitations and exclusions such as those relating to pre-existing medical conditions would've mattered to him because they didn't affect him.

Mr C has said that the policy wasn't right for him and "*was totally worthless*" because he was self-employed. I don't agree because although the policy documents show that unemployment cover wasn't offered to self-employed persons, it would've covered Mr C if he couldn't work because of an accident, sickness or critical illness. And Mr C's told us he didn't have any other way of making his loan repayments if he was too sick to work.

If Mr C had to claim under the policy, it could've met his loan repayments for up to 24 months for any one claim. So I think it's likely that would've thought the policy offered him potentially useful benefits, given his circumstances at the time.

I can see that Mr C would've only got a limited refund of the PPI cost if he cancelled the policy after 30 days. But I haven't seen anything to suggest that Mr C planned to pay off his loan early. So I don't think better information about the cancellation terms would've made Mr C decide against taking out the policy.

I know Mr C says FICL told him the policy covered him if he lost his job. But because I've so little information about the sale, I don't know exactly how FICL might've explained the level of cover to Mr C. So I accept it's possible that what Mr C has told us is what happened. But I also have to accept that it's possible FICL gave Mr C enough information about the policy. And in this case I simply don't have enough evidence to show me that what Mr C has told us about the sale is *likely*, which is what I have to do if I'm to uphold his complaint on this point.

I also think Mr C wanted cover if he couldn't work. And this included when he was sick. So I think he still would've gone ahead with the cover because it would've been useful to him even if he'd understood it didn't cover him if he lost his job. And he wouldn't have been paying for cover he couldn't claim against.

In summary, in order to uphold Mr C's complaint I must be persuaded that it's *likely* (rather than just possible) that the business did something wrong. I've carefully considered Mr C's submissions, but given that so little is known about what happened, that it all took place so long ago, and because Mr C's circumstances don't strike me as unsuited to this type of insurance, I don't have strong enough reasons to say that FICL did something wrong. In these circumstances, I do not consider that it would be fair to uphold this complaint.

my final decision

For the reasons I've explained, I've decided not to uphold Mr C's complaint and make no award against Financial Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 February 2016.

Sharon Kerrison
ombudsman