

complaint

Mr B says Welcome Financial Services Limited mis-sold him payment protection insurance (PPI) when he took out a loan in May 2004.

background

Mr B applied for a loan in 2004. Mr B took out PPI with the loan at the same time.

The PPI was designed to pay a monthly benefit equivalent to Mr B's loan repayment if he could not work due an accident, sickness or unemployment.

Mr B says he was told he wasn't given a fair choice about whether to add the PPI to the loan.

Our adjudicator didn't think Mr B's complaint should be upheld. Mr B disagreed with the adjudicator's opinion so his complaint's been passed to me.

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 here.

I've decided not to uphold Mr B's complaint. I'll explain why.

Welcome has been able to show us copies of the paperwork that was completed in May 2004 when Mr B applied for the loan and was sold the PPI.

I can see that the credit agreement for the loan refers to the PPI as "*optional payment protection insurance*". And the premium for the PPI is set out separately to the main loan. I can see that elsewhere on the credit agreement there is a statement that the PPI was voluntary and not a condition of the loan. Welcome has also shown us a copy of a customer declaration form which includes details of the PPI and has been signed by Mr B.

Whilst I can't know what was said to Mr B during the meeting, the paperwork from the time suggests the optional nature of the policy was made clear. Taking into account everything I've seen I think it's most likely Welcome told Mr B he didn't have to take out the PPI and that he chose to buy it. Although I can understand why he might not recall this after so many years.

Because it looks like the PPI was sold in a face to face meeting, I think it's most likely Welcome recommended Mr B buy it. That means it had to make sure it was right for him. And from what I've seen it looks like it was.

I can see Mr B was eligible for the policy. It didn't cover some things. But it doesn't look as if these would've affected Mr B. For example he didn't have any medical conditions that wouldn't be covered.

Mr B has told us he was entitled to some sick pay from his employer if he couldn't work due to ill health. But this particular policy could've paid out a monthly benefit in addition to any sick pay and until Mr B returned to work or the loan was repaid. And it could've paid out for

up to 12 months if Mr B lost his job. So I think Mr B would've found the policy useful if things went wrong.

Mr B's representative has told us the purpose of the loan was to buy a car and the term of the loan was 36 months. The PPI policy was paid for with a single premium upfront which was added to the loan. I note that if Mr B cleared the loan early he wouldn't have got a proportionate rebate so he may have lost out. But I've not seen any evidence that Mr B intended to repay the loan early or that he had a history of doing so. So I don't think the early cancellation terms made the policy unsuitable for him.

As well as making sure the policy was right for him, Welcome should also have given Mr B clear information about the policy so he could decide whether to buy it. It's possible Welcome didn't give Mr B all the information it should've done. But I think it's likely Mr B agreed to buy the policy and was interested in this type of cover. And as the policy appears to have been right for him, I don't think any clearer information would've put Mr B off taking it out. So I don't think he's lost out because of anything Welcome might've done wrong.

Mr B has said he did try to claim on the policy once when he left his job, but was told it would only cover him if he was made redundant. I've looked at the terms and conditions of the policy and it covered Mr B against involuntary redundancy which is what I'd expect this type of policy to cover.

my final decision

For the reasons I've given, I don't uphold Mr B's complaint, and I make no award against Welcome Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 October 2019.

Steve Thomas
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