complaint

Mrs M complains that Glasgow Credit Union Ltd (GCU) mis-sold her a payment protection insurance (PPI) policy.

background

Mrs M took out a loan with GCU over the phone in 2004. At the same time, GCU sold her a regular premium PPI policy to protect her loan repayments if she couldn't work through accident or sickness.

The adjudicator recommended the complaint be upheld. GCU disagreed, so the complaint came to me to review afresh.

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 Mrs M's case.

Having done so, I've decided to uphold Mrs M's complaint. I'll explain why.

Mrs M says she didn't want PPI. GCU says she signed to accept PPI. It points to an "*Insurance Declaration*" form Mrs M signed, showing she accepted the policy terms and conditions.

While I appreciate what GCU says, the form doesn't indicate to me that Mrs M was given the choice to either accept or turn down PPI either at the time or earlier, when she spoke to it over the phone.

GCU hasn't got a recording of the phone call. And it can't provide a copy of the call script it was supposed to follow. So I don't know how PPI was introduced or how GCU intended the discussion to go.

I realise GCU says the software it uses on its systems doesn't allow the insurance script to be bypassed – all of the questions have to be fully answered. And that, as a credit union, it operates differently to banks in that there was no incentive for staff to sell the insurance – it was offered on a 'take it or leave it' basis. But there's little to support what it says happened.

I do have a copy of Mrs M's loan agreement. But, again, that was sent to her after the phone call. It refers to PPI, although it doesn't suggest it was optional.

Overall, I can't fairly say GCU made it clear to Mrs M that the PPI was optional.

putting things right

GCU should put Mrs M in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and GCU should:

– Pay Mrs M the amount she paid each month for the PPI.

- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.

- If Mrs M made a successful claim under the policy, GCU can take off what she got for the claim from the amount it owes her for the policy she claimed under.

† HM Revenue & Customs requires GCU to take off tax from this interest. GCU must give Mrs M a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons given, I've decided to uphold this complaint. I require Glasgow Credit Union Ltd to put things right for Mrs M as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 February 2017.

Nimish Patel
ombudsman