

complaint and background

This complaint relates to the sale of a regular premium Payment Protection Insurance ('PPI') policy sold in connection with a store card in May 2007. Mr B complains Home Retail Group Insurance Services Limited ('HRG') mis-sold the policy.

Our adjudicator did not consider the policy had been mis-sold and did not uphold the complaint. Mr B did not agree with the adjudicator's conclusions so the file has been referred to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so I have taken into account any relevant regulatory rules, the law, and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out in the section of our website explaining how we deal with PPI complaints.

The overarching questions I need to consider, therefore, are:

- Whether HRG gave Mr B information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about the insurance he was buying.
- Whether in giving any advice or recommendation, HRG took adequate steps to ensure that the product it recommended was suitable for Mr B's needs.

If there were any shortcomings in the way the policy was sold I need to decide if Mr B is worse off as a result. That is, would Mr B be in a different position to the position he finds himself in now if there had not been any shortcomings.

was the policy added to Mr B's account without his knowledge or consent?

Mr B says that he never consented or agreed to purchase PPI, and that it simply began to appear on his statements.

I consider it is likely that Mr B's memories of how PPI came to be added to his account have faded in the years since the sale. That is because I have listened to a recording of a card registration call between Mr B and HRG on 25 May 2007.

After confirming Mr B's name, card number, date of birth, telephone number and address HRG's representative then went on to give an explanation of the PPI's costs and benefits and ask Mr B if he wished to have it added to his account. After clarifying the costs, Mr B confirmed he wanted the policy added to his account.

I am therefore not persuaded that the PPI was added to Mr B's account without his knowledge or consent.

basis of sale

Mr B says that the purchase of PPI was not made on the basis of any advice or recommendation from HRG. HRG, on the hand, says it did advise Mr B to purchase the policy.

Having listened to the telephone call of 25 May 2007, I am satisfied that HRG did give advice. This means that as well as having to provide Mr B with information about the policy that was clear, fair, and not misleading, HRG *also* had to ensure that its recommendation was suitable for his needs.

was the recommendation suitable?

Having carefully considered the available evidence, I am not persuaded it was unsuitable for HRG to recommend the policy to Mr B. In reaching this conclusion, I note the following:

- Mr B met the policy's eligibility criteria in terms of age and UK residency. Mr B has also told us he was in good health at the time of sale, so he does not appear to have been affected by any of the significant exclusions or limitations in relation to his health.
- Mr B has told us he was employed at the time of sale and would have received six months full pay followed by statutory sick pay if he was off work due to accident or illness. The PPI is therefore likely to have been of assistance to Mr B, given it provided a monthly benefit of 15% of the outstanding balance at the point of claim. Mr B would have been able to use any employee benefits he received in the first six months for other everyday expenses.
- I appreciate that Mr B says that given he had existing critical illness cover, he did not require PPI. However, critical illness cover would have been likely to only cover Mr B had he been diagnosed with certain serious illnesses, or if he had sustained life threatening injuries. The PPI would also have protected Mr B for less serious health issues, as well as unemployment.
- I have no information to suggest Mr B could not afford the policy, which cost £1.30 per £100 of the outstanding account balance. I am not persuaded that this was unaffordable for Mr B, or that the premium (in the light of the potential benefit of 15% of the outstanding balance) was unsuitable for him.

I am therefore satisfied that the policy would have provided a useful benefit to Mr B if he became unable to work. So, given Mr B's circumstances at the time of the sale, I am also satisfied he had a need for the policy. It follows that I do not conclude it was unsuitable for HRG to recommend Mr B take out the PPI policy.

was clear information about the policy provided?

Having reviewed the call when the PPI was sold, I am not persuaded that Mr B's information needs were fully met.

While I am satisfied that HRG explained the limitations and exclusions that applied to pre-existing medical conditions and the basic costs and benefits of the policy (as set out above), Mr B was not told that he would have to continue paying the premiums in the event of a successful claim – meaning the benefit of the policy was slightly less than the 15% HRG represented it to be. Nor was a full explanation of the exclusions and limitations that applied to unusual employment situations given to Mr B.

However, it doesn't automatically follow from HRG's information failings that I should uphold Mr B's complaint. I need to be satisfied that Mr B has lost out as a result – in other words, that he would have acted differently (and decided not to take out the policy) if HRG had clearly explained all of the policy's significant features.

I am not persuaded that Mr B would have decided against taking out the PPI even if he had been provided with clear information about it. This is because the full costs and benefits of the policy were not uncompetitive at the time; Mr B does not appear to have been affected by any of the major exclusions or limitations related to his employment status; and the benefit would still have paid out significantly more than Mr B's minimum card repayment each month.

So, given that I think Mr B wanted the cover and that he was likely to have been able to afford it I am not persuaded he would have been put off taking out the policy if any of the key features had been better explained.

In conclusion, I am not persuaded the policy was added to Mr B's account without his consent. I also have no evidence that would allow me to safely conclude that the policy was unsuitable for Mr B, or that he would have acted differently and declined the policy, had he been fully informed.

my final decision

It follows from the above that I am not persuaded that this policy was mis-sold. I appreciate that this may come as a disappointment to Mr B, but for the reasons I have set out, I do not uphold this complaint and make no award against Home Retail Group Insurance Services Limited.

Jonathan Hanton
ombudsman