

complaint

Mrs D complained that she was mis-sold a series of loan payment protection insurance (PPI) policies by Northern Bank Limited, trading as Danske Bank ("Northern Bank").

background

Mrs D took out four personal loans between April 1999 and August 2001. These had numbers ending 049, 717, 025 and 125 respectively. It looks as though each loan repaid the previous one, with some additional borrowing in each case. When we asked Northern Bank for information about these loans, it told us that PPI policies were sold with loans 049, 717 and 125. But it told us that it didn't sell PPI with loan 025. Instead, payments for the PPI on the previous loan carried on in error. I understand that Northern Bank has now refunded the overpaid premiums, with interest. So as it has now put things right, I don't need to consider the overpayment in this decision.

Mrs D said that the policies were sold in meetings, and that in each case she was advised to take the PPI. Northern Bank agreed that it had given advice, but said that two of the policies were sold by phone and only one in a meeting. Mrs D said she thought she had to have the PPI to get the loans, and that she felt pressured into taking it.

Each policy provided life, accident and sickness and unemployment cover for Mrs D. If she'd made a successful claim, each policy would've covered the loan payments for up to 12 months for unemployment, or the rest of the loan term for accident or sickness. The monthly costs were £16.73 (loan 049), £20.72 (loan 717) and £36.07 (loan 125).

Our adjudicator didn't uphold the complaint. Mrs D disagreed and asked for it to be reviewed by an ombudsman.

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 D's case.

I've decided not to uphold Mrs D's complaint.

This wasn't an easy case to decide, as there's so little evidence. Northern Bank sent in copies of Mrs D's bank statements and some computer records. It couldn't give us call recordings, or copies of Mrs D's loan agreements, because the loans were repaid so long ago. But it did send in sample copies of loan agreements from the times of the sales. So I've had to consider what's most likely to have happened, based on the evidence I *do* have.

Mrs D complained that she thought she had to have the PPI to get each loan. As the sales took place in a meeting or by phone, I can't know how the advisers explained the PPI. But from what's on each of the sample loan agreements it looks as though Mrs D would've had to tick a box and sign (separately from her signature for the loan) to say that she wanted the PPI. There's also a 'no' option to tick and sign if PPI wasn't required.

I've considered what Mrs D said about being led to believe that she had to take out the PPI policies. But I've also kept in mind that Northern Bank advised Mrs D to take out the cover.

So it's possible that, in each case, the adviser told Mrs D that it was a good idea for her to have the policy, rather than that she *must* have it. This is a subtle difference, which it's possible Mrs D has misremembered after all this time.

Overall, I don't think I can fairly say that it's most likely Mrs D was told she *had* to take out each policy, which is what I must be able to do before I can uphold her complaint on this point. I simply don't have enough evidence that this is what happened.

Northern Bank advised Mrs D to take out the policies. So it had to make sure that they were suitable for her. On balance, I think they were.

As I've said, I can't know how the adviser explained the PPI in each sale - especially the things not covered. But I can't see that Mrs D would've been affected by any of these. Mrs D said she was entitled to 12 months' sick pay from her employer, but I don't know whether this would all have been at her full pay rate.

Although Mrs D said she had good sick pay arrangements, the PPI benefits would have been payable in addition to these – and potentially up to the full term of each loan. So Mrs D could've used her sick pay to cover her other everyday expenses. Overall, I think the PPI could've provided a useful benefit if she was off sick or lost her job – so I don't think that the recommendations were unreasonable.

I've also looked at the information Northern Bank might have given Mrs D at the time of the sales. From the sample loan agreements, I think it's most likely that the cost would've been pointed out to her. I have a copy of the PPI policy, but I don't know for certain when in each sales process this might have been given to Mrs D.

However, although I can't say for certain that Northern Bank clearly explained the policy details, I think Mrs D would still have bought the policies - they could've provided useful protection if she'd been unable to work. This means Mrs D isn't worse off, so there's nothing Northern Bank needs to do to put things right.

my final decision

For the reasons I've explained, I've decided not to uphold Mrs D's complaint.

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

Jan Ferrari
ombudsman