complaint

Mrs C complained that she was mis-sold a payment protection insurance (PPI) policy with a loan when she bought a car in December 1998. The car dealer that sold the PPI was not within our jurisdiction in relation to this sale. So I can't consider a complaint about this sale against them.

The underwriter of the PPI policy - Financial Insurance Company Limited ("FICL") - has taken responsibility for this complaint though. And so to keep things simple I will refer to FICL in my decision.

background

In December 1998 Mrs C applied for a loan to purchase a car. At the same time a regular premium PPI policy was added to protect her against accidents, sickness and unemployment. If Mrs C had successfully claimed on the policy, each month it would've covered the monthly payment due on the finance agreement for up to 12 months per claim for unemployment and for the full term of the loan for any accidents or sickness.

Mrs C thinks the policy was mis-sold to her. She doesn't think the policy was explained to him properly on the day of the sale. She thinks she was led to believe it was a necessity and she was just told where to sign on the credit agreement.

Our adjudicator didn't think there was enough evidence to say that the policy was mis-sold. So he didn't uphold the complaint. As both parties still don't agree, Mrs C's complaint has 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 in deciding Mrs C's case.

I've decided not to uphold Mrs C's complaint and I will explain why.

This wasn't an easy case to decide, as I only have a limited amount of evidence and the sale took place several years ago. Mrs C told us her recollections of the sale. I've also been able to see a copy of the credit agreement and the policy document.

I checked the terms and conditions within the policy document and can see that Mrs C met all of the eligibility criteria.

As the sale took place in a meeting, I don't know for sure how the salesperson explained the PPI. The finance agreement shows the monthly cost of the PPI, immediately under the amount of the monthly payment due on the credit agreement. Underneath this, Mrs C signed separately agreeing to the cover. So from the documentation, although I can't be sure, I think its most likely Mrs C did have a choice about taking the PPI.

From the limited information that I have seen, I cannot be sure if Mrs C was given advice to take the PPI policy. If I consider it to have been an advised sale, the business would've had to make sure the policy was suitable for Mrs C. I think in this case that it was.

Mrs C told us that, when she took out the policy, she was employed and in good health. She said she can't remember if she was entitled to sick pay, but she had some savings. So although she may have had some benefits she could have relied upon, I think she could've found it difficult to make the monthly payments if she was off sick or lost her job. And the PPI could've paid out for up to a year for a single claim if she became unemployed or longer if she had an accident or became sick. So I think it could've provided a useful benefit in addition to any provisions she did have, and if the business *did* advise Mrs C to take the PPI, I think it was a reasonable recommendation.

I've also looked at the information Mrs C might have been given about the PPI. As I've said, I can't know how the salesperson explained the policy. But I can see the cost was clearly shown on the credit agreement. I have a copy of the PPI policy, but it looks as though this was sent out *after* the sale. So it's not clear what information, apart from the cost, Mrs C would've had when she took out the PPI. I also can't say whether the salesperson clearly pointed out the main things the policy doesn't cover. But I don't think Mrs C would've been affected by any of these, for the same reasons why I think the policy was suitable for her.

Overall, although I don't think the policy terms were fully explained, I'm not satisfied that Mrs C would've acted differently – and not taken out the PPI – if they had. It would've provided valuable protection for her if she was unable to work. This means Mrs C isn't worse off as a result of what FICL did wrong, so there's nothing it needs to do to put things right.

I know this will come as a disappointment to Mrs C, but I do not uphold her complaint for the reasons given.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 February 2016.

Mark Richardson
ombudsman