

## **complaint**

Mr N says NHS (Scotland and North England) Credit Union Limited (NHSCUL), trading as NHS Credit Union mis-sold him a payment protection insurance (PPI) policy.

## **background**

The background to this complaint, and my provisional findings, can be found in my provisional decision which I've attached below and forms part of this final decision.

In summary, I thought NHSCUL mis-sold PPI to Mr N. NHSCUL say it recommended Mr N buy the policies. So it had to check the PPI was suitable for him – and based on the information I'd seen, I didn't think the PPI was suitable.

Mr N said he had a condition when he bought the policies, and later developed other conditions. After checking the terms and conditions of the policies, I thought Mr N's condition met the definition of a pre-existing medical condition. So I don't think Mr N would have been able to make a successful accident and sickness claim for the conditions I've mentioned.

I didn't think the PPI was suitable for Mr N and so I don't think NHSCUL should have recommended the policy to him. And I didn't think that Mr N would have bought the cover had he been aware of this particular exclusion.

## **my findings**

Again, I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I'm deciding to uphold Mr N's complaint.

Mr N didn't reply to my provisional decision so I've assumed that he doesn't have anything further to add.

NHSCUL responded to the provisional decision to say that it didn't agree with the outcome, but it didn't have anything further to add.

Because of this, I see no reason to change my provisional decision. I've attached this to the bottom of this final decision.

## **putting things right**

NHSCUL should put Mr N in the position he'd be in now if he hadn't taken out the PPI policies. The policies should be cancelled, if it hasn't been cancelled already, and NHSCUL should:

- Pay Mr N the amount he paid each month for the PPI.
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 8% a year <sup>†</sup>.
- If Mr N made a successful claim under the PPI policies, NHSCUL can take off what he got for the claim from the amount it owes him. But NHSCUL can only offset the amount of a successful claim from the loan that policy was covering.

† HM Revenue & Customs requires NHSCUL to take off tax from this interest. NHSCUL must give Mr N a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

For the reasons I've explained, I uphold Mr N's complaint.

NHS (Scotland and North England) Credit Union Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr N to accept or reject my decision before 16 November 2018.

Sophie Wilkinson  
**ombudsman**

## **copy of provisional decision**

### **complaint**

Mr N says NHS (Scotland and North England) Credit Union Limited (NHSCUL) mis-sold him a regular premium payment protection insurance (PPI) policy.

### **background**

This complaint is about regular premium PPI policies taken out with seven loans sold between May 2006 and May 2011. Mr N applied for the PPI policies over the phone on each occasion.

Our adjudicator thought we should uphold the complaint. NHSCUL disagreed with the adjudicator's opinion so the complaint has been passed to me.

### **my provisional 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 Mr N's case.

I'm currently intending to uphold Mr N's complaint and I'll explain why.

This complaint involves seven loans – all of these loans had PPI policies attached.

NHSCUL say it recommended the policies to Mr N. So it needed to check the policies were right for him – but based on the information I've seen so far, I don't think they were. Mr N told us he had a condition he was diagnosed with in 2006. He said that he received treatment for this condition and he now takes daily medication to control the condition – this is reviewed annually by his GP.

Later in 2008, Mr N told NHSCUL that he'd been diagnosed with two other conditions.

From checking the terms and conditions of the policies, I think Mr N's conditions meet the definition of a pre-existing medical condition. And I think he'd have found it difficult to make a claim on the policies for these conditions. So I don't think the recommendation NHSCUL made to Mr N was suitable for him.

I don't think Mr N would've bought the policy if NHSCUL had made clear it wasn't right for him or if NHSCUL had given him enough information about it. So, I think Mr N has lost out because of what NHSCUL did wrong.

NHSCUL doesn't agree with this and has raised a number of points for me to consider. And I'll address these below.

NHSCUL say the PPI policies were considered as one continuous policy because there wasn't a break in payments and each loan was used to refinance the next. So it says that Mr N would still have been able to make a successful claim for the conditions he's mentioned. When we asked NHSCUL to send us evidence to support this, it sent us another explanation as to what it says it would have done in the event of Mr N making a claim. So I haven't yet seen anything that I think supports what it says about the continuation of the policies – or that I'm persuaded by.

From the information I've seen, it seems as though the PPI was sold to Mr N on each occasion – so a new sale. Most of the policies were taken out for accident and sickness only, but it looks as though one of them (loan number 3228) was taken out to cover accident, sickness and unemployment. So I think this shows that the policies were more likely to have been re-sold on each occasion. I can see that advice took place on each occasion and a policy recommended.

In addition to this, NHSCUL has said in its final response letter to Mr N that he “*accepted PPI cover on 7 different loans from May 2006 onwards*” – which to me suggests that these were seven separate sales and seven separate PPI policies. And therefore I currently don't think this was one policy that continued and as such, I think Mr N's conditions would have been classed as pre-existing which would limit his ability to make a successful accident and sickness claim for said conditions.

NHSCUL has also stated that Mr N signed documents to confirm that he'd read and understood the terms and conditions of the policies – so he ought to have been aware of the policies exclusions. I agree that he might have signed a document, but I haven't seen anything that makes me think that the significant terms relating to pre-existing medical conditions were pointed out to him in each sale. And given that NHSCUL were aware he had pre-existing conditions, it isn't clear to me why it recommended he buy the policies.

I appreciate NHSCUL's comments in that he could have claimed for other conditions that weren't related to the ones he's told us about. But when he bought the PPI, I think he'd be more concerned with being covered for the conditions he knew about. And I don't think he'd have agreed to buy the PPI had known that he might not have been covered.

### **putting things right**

NHSCUL should put Mr N in the position he'd be in now if he hadn't taken out the PPI policies. The policy should be cancelled, if it hasn't been cancelled already, and NHSCUL should:

- Pay Mr N the amount he paid each month for the PPI.
- Add simple interest to each payment from when he paid it until he gets it back. The rate of interest is 8% a year †.
- If Mr N made a successful claim under the PPI policies, NHSCUL can take off what he got for the claim from the amount it owes him. But NHSCUL can only offset the amount of a successful claim from the loan that policy was covering.

† HM Revenue & Customs requires NHSCUL to take off tax from this interest. NHSCUL must give Mr N a certificate showing how much tax it's taken off if he asks for one.

### **my provisional decision**

For the reasons set out above, I'm planning to uphold Mr N's complaint.

I now invite Mr N and NHSCUL to give me any further information they want me to consider before I make my final decision. This must be provided to us by 12 July 2018.