

complaint

Mr L complains that Creation Consumer Finance Ltd mis-sold him a payment protection insurance (PPI) policy in 2009.

background

Our adjudicator upheld Mr L's complaint. Creation disagreed and so the case has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think the relevant issues to take into account are the same as those set out in the information on our website about our approach to PPI complaints.

I've decided to uphold Mr L's complaint because I agree with the adjudicator that Creation didn't give Mr L enough clear and fair information about the policy terms.

The policy says that to make a successful claim under the disability element of the cover *"you must be in full-time employment...in the UK on the day before your disability started."*

Having listened to the telephone call during which the policy was sold, I note that the call handler did say *"If you have not been at work in the UK for 12 months immediately before your first unemployment, then unemployment claims will not be paid"*. However, this is stated very quickly as part of a long list of policy features, so Mr L might easily have missed it.

In any case, information about the exclusion relating to disability claims does not appear to have been given during the call at all. It is set out in the policy document, but Mr L made his decision to go ahead with the cover during the call, and I think he would have expected to have been given all the important information about the policy at that time. So I don't think Mr L was given enough clear and fair information to make an informed choice.

I note that during the sales calls Mr L said that he worked abroad every alternate month, and returned to the UK in between times. It isn't clear whether Mr L continued working for his employer during his time in the UK, or whether he was on leave during this time. However, given that Mr L spent such a large amount of his time working outside the UK, I find it a significant possibility that Mr L might have been caught by the exclusion set out above if he found he wanted to make a claim under the policy's disability cover.

I acknowledge that Mr L's employer may have been based in the UK and so it is possible that the insurer's intention was not to exclude a policyholder such as Mr L from making a disability claim under similar circumstances. But even if this were the case, having reviewed the wording of the policy document, I don't think Mr L would have felt confident that he wouldn't be caught by this term. So I don't think Mr L would have bought the policy if he'd been made properly aware of the policy terms and conditions.

For these reasons, I uphold Mr L's complaint.

fair compensation

Mr L should be put back in the position he would now be in if he'd taken out the loan without the PPI policy. So Creation should cancel the policy if it is still in force and:

- Work out and pay Mr L the value of the premiums paid to the policy. Creation will also need to add interest calculated at 8% simple per year[†] on the value of each premium from the date it was paid.
- If Mr L made a successful claim under the PPI policy, take off what Mr L got from the amount it owes him.

[†] HM Revenue & Customs requires Creation to take off tax from this interest. Creation must give Mr L a certificate showing how much tax they've taken off if he asks for one.

my final decision

I uphold Mr L's complaint. Creation Consumer Finance Ltd must pay him the compensation I've described above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 2 March 2015.

Clair Bantin
ombudsman