

complaint

Miss R complains that Welcome Financial Services Limited (“WFSL”) mis-sold her a payment protection insurance (“PPI”) policy.

background

Miss R took out a loan ending x3531 with WFSL in 2004. At the same time she bought a PPI policy which would’ve covered the repayments on her loan for up to a year at a time if she became involuntarily unemployed or for as long as the loan had left to run if she was off sick from work. It also provided life cover for the loan.

Miss R also took out a ‘Medicare 24’ policy at the same time. Miss R hasn’t complained about this, so I haven’t looked at this sale.

Miss R’s original complaint also included a complaint about the redress offered to her in relation to another PPI policy with a subsequent loan. Miss R accepted our view on this redress – she only asked to have the mis-sale matter reviewed further, so I have not addressed the matter of redress.

The adjudicator didn’t think Miss R’s complaint about the potential mis-sale of the PPI policy in relation to loan ending x3531 should be upheld. Miss R disagrees, so her complaint has been passed to me to make a decision.

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 PPI on our website and I’ve taken this into account when deciding this case. Having done so, I’m not upholding Miss R’s complaint. I’ll explain why I’ve reached this decision.

Miss R accepts that she agreed to buy the PPI, but she complains that she was told it was compulsory – if she didn’t buy it, she wouldn’t have got the loan. WFSL says that the PPI wasn’t compulsory and that Miss R was aware of this.

WFSL has provided a copy of the loan agreement Miss R signed. The PPI is included in the agreement and is described clearly as ‘*Optional Payment Protection Insurance*’. Miss R signed this agreement. She also completed and signed a separate application form for the PPI which, again, described the PPI as optional. Each element of the cover was separately detailed, and Miss R signed for each one. She didn’t sign for all of the types of cover available, and there was also an option for ‘*no cover*’. If Miss R had been told that the PPI was compulsory I think she’d have queried this when she saw the agreement and the application form.

So I think, on balance, that Miss R understood the PPI was optional and she chose to buy it, although I understand why she may not remember that 15 years later.

WFSL gave Miss R a personal recommendation to buy the PPI, so it had to take reasonable steps to make sure it was right for her. Looking at Miss R’s circumstances at the time I think it was suitable for her. I say this because:

- Miss R was eligible for the cover and wasn't affected by any of the terms which might've made it more difficult for her to make a successful claim, such as those related to existing medical conditions or self-employment;
- Miss R has said she'd have had good sick pay from her employer, but the policy would've paid out in addition to this and potentially for much longer than her full sick pay would've lasted;
- Miss R would've had some statutory entitlement to redundancy pay, although this wouldn't have been much. If Miss R was made redundant the policy would've paid out in addition to this and for up to 12 months at a time;
- Miss R says that she had some savings, although I haven't seen evidence of this and – given the type and size of the loan – I don't think it would've been very much. Miss R was borrowing about six weeks' salary over two years at a high interest rate. I think it's likely her savings would've been less than six week' salary. Miss R also says her parents would've helped her out if needed. But the policy meant she didn't have to rely on her parents who may not always have been in a position to help out even if they wanted to;
- The cost of the policy was clearly set out in the paperwork, so I'm confident Miss R knew how much she'd be paying. The cost of the policy was added to her loan and she paid interest on it. It's possible that if Miss R cancelled the policy early that she wouldn't have received a pro-rate refund of the premiums. But I haven't seen any evidence to suggest this was something Miss R was likely to do at the time of sale.

It's possible Miss R didn't get all the information she ideally should've done. But even if Miss R understood all the detail about the policy I don't think it would've made a difference to her decision to buy it. I say this because it was suitable for her in the way I've already described.

So, on balance, I don't think Miss R lost out as a result of anything WFLS might have done wrong.

my final decision

I'm not upholding Miss R's complaint so it follows that Welcome Financial Services Limited doesn't have to pay any compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 6 September 2019.

S. Allbeury
ombudsman