

complaint

This complaint is about a loan payment protection insurance ('PPI') policy taken out in 2009. Mr C says 1st Class Credit Union Limited mis-sold him the PPI.

my findings

I've considered all the available evidence and arguments to decide what is 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 C's case.

Due to the time that's passed since this policy was sold, there's some uncertainty about the level of cover that the policy offered. I say this because there's an indication that the level of cover may have been accident and sickness only, as 1st Class Credit Union Limited in their submissions to our Service made reference to this level of cover.

1st Class Credit Union Limited have since told me that at the time of sale they offered a choice of accident and sickness cover or accident, sickness and unemployment cover ('ASU') – which Mr C was sold. However, I've not seen any supporting evidence that there would have been a choice between the two levels of cover. I say this because the paperwork from the sale shows two options for PPI – to accept or decline ASU. But I haven't seen any evidence that there would have been an option to choose between the level of cover.

I also tried to contact the underwriter of this policy to definitively establish the correct level of cover, but unfortunately their records are incomplete. So, I've considered that in this case, it's *likely* the only level of cover available was ASU as it appears from the application form, that this was the only option.

I've decided the policy wasn't mis-sold because:

- I think 1st Class Credit Union Limited made it clear that Mr C didn't have to take out the PPI and he chose to take it out – although I can understand why he may not remember this.

I say this because I've seen a copy of Mr C's loan application form. In the section for PPI, headed '*Application for Payment Protection*', there's a sub heading that says '*Your options.*' Underneath this there's an option to take PPI or decline PPI. A tick has been placed next to the option to take PPI and Mr C has also signed separately in this section. So I think that the PPI was presented as optional and that Mr C chose to take it out.

Mr C has complained that he wasn't shown a quote for the loan without PPI. But the loan application he signed was dated 3 February 2009. The actual loan agreement showing the costs that Mr C would be paying was signed on 4 February 2009. So I think the cost of the PPI was added to the loan agreement after Mr C completed his application.

- 1st Class Credit Union Limited didn't recommend the PPI to Mr C so it didn't have to check if it was right for him. But it did have to make sure Mr C got the information he needed to decide if it was right for him.
- It's possible the information 1st Class Credit Union Limited gave Mr C about the PPI wasn't as clear as it should've been. But he chose to take out the PPI - so it looks like he wanted this type of cover. Based on what I've seen of his circumstances at the time it doesn't look like he was affected by any of the exclusions to or limits on the PPI cover - so it would have been useful for him if something went wrong. It also looks like the PPI was affordable. So I don't think better information about the PPI would have put him off taking out the cover.

I've thought about everything Mr C has said - including what he's said about the application form for a different loan. But my decision deals with the loan taken in 2009 and it wouldn't be appropriate for me to comment on the other allegations made about loan ending 6560.

I've also considered what Mr C has said about not needing PPI because of his sick pay entitlement. But this policy could have paid out for up to 24 months, which is for longer than Mr C would have received sick pay. So I still think that he could have found the policy useful and these points don't change my decision.

I've also thought about the commission Mr C paid on his policy – and whether 1st Class Credit Union Limited treated him unfairly.

1st Class Credit Union Limited has told us that the commission for Mr C's policy was less than half of what he paid for each premium. We've looked at how 1st Class Credit Union Limited has been working this out and based on what we've seen it looks like it's right – Mr C's commission was less than half the cost of the policy.

As that's the case, I don't think it needed to tell him about the commission – so I don't think 1st Class Credit Union Limited treated him unfairly. This means it doesn't need to pay Mr C back any of the commission he paid for the PPI.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C to accept or reject my decision before 30 April 2019.

Daniel O'Shea
ombudsman