



complaint

This complaint is about the sale of a payment protection insurance (“PPI”) policy taken out by Mr D in 2010 in connection with a loan arranged by the Police Credit Union Limited (“PCU Limited”). The PPI sale started over the telephone and was completed by post. Mr D complains the policy was mis-sold to him.

background

The adjudicator thought the complaint should be upheld because Mr D hadn’t been given enough clear information about the policy to make an informed decision. And if Mr D had been given all the information, the adjudicator thought he wouldn’t have bought the policy. PCU Limited disagreed with the adjudicator’s view and asked for the matter to be looked at again by an ombudsman.

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 note on our website about our approach to PPI complaints.

I’ve decided to support Mr D’s complaint for the same reason as the adjudicator suggested. I don’t think Mr D was given enough clear information at the time of the sale.

PCU Limited told us the PPI was sold to Mr D over the telephone and that it was a non-advised sale. So, the information had to be clear enough for Mr D to make a decision. There is no recording of the call so I don’t know what verbal information he was given. I then looked at the PPI policy terms which were sold to Mr D. The policy says it will pay out unemployment cover to self-employed people who are “*registered as unemployed with the Department of Work and Pensions.*”

Mr D declared on his loan agreement that he was working in two jobs at the time of buying the PPI. Job 1 was as a HGV driver for three days a week and for the rest of the week, he was self employed as a managing director of his own company. I think he may have had to lose both jobs to register as unemployed before he could claim on the policy for unemployment cover.

It was important for Mr D to know this because of the effect on his work arrangements. It’s not clear whether PCU Limited highlighted this policy term to Mr D during the telephone call or by post. This is a significant failing in the sale. If this clause had been highlighted to Mr D, I don’t think he would’ve bought the policy.

This means that I support this complaint.

my final decision

My final decision is that I uphold this complaint and I make the following award against Police Credit Union Limited. Mr D should be put back in the position he would have been in had the policy not been sold. I understand the PPI policy has been cancelled.

So, I therefore require Police Credit Union Limited to:

- A. Pay back to Mr D the value of the premiums paid to the policy from the date of the commencement to the date it was cancelled.
- B. Add simple interest to the amount Mr D paid each month from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on[†].
- C. Show Mr D how it worked this out and the amount he still owes. And show Mr D how much his future payments will be.
- D. If Mr D made a successful claim under the PPI policy, Police Credit Union Limited can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires Police Credit Union Limited to take off tax from this interest. Police Credit Union Limited must give Mr D a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 9 February 2015.

Amrit Mangra
ombudsman