

## **complaint**

Mr R complains that Glasgow Credit Union Ltd (GCU) mis-sold him payment protection insurance (PPI) when he took out two loans.

## **background**

Mr R took out a loan with GCU in 2007. At the same time he also bought a regular premium PPI policy to protect his loan repayments if he couldn't work because of ill health.

Mr R took out another loan in 2008 to top up the previous one. He bought another regular premium PPI policy to protect the repayments if he became ill.

The adjudicator recommended the complaint be upheld. GCU disagreed, so the complaint came to me to review afresh.

## **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 the sale of PPI on our website. I've taken this into account in deciding Mr R's case.

Having done so, I've decided to uphold Mr R's complaint. I'll explain why.

GCU accepts it recommended the PPI to Mr R. That meant, among other things, it had to take steps to ensure it gave Mr R the right advice.

I've seen the sales script GCU says its salespeople had to follow when selling PPI. And I've seen the demands and needs statement GCU sent to Mr R. The demands and needs statement says certain pre-existing medical conditions aren't covered by the policies. But I've not seen anything to show salespeople had to ask whether customers had any pre-existing medical conditions and, if so, to advise on how this affected the suitability of the PPI for them.

Mr R's said he had a pre-existing medical condition when he bought the PPI and GCU hasn't questioned this. I can't see Mr R was asked about it or advised about how it might affect his cover. GCU says Mr R would have been properly advised but, looking at its sales script and the demands and needs statement, I don't think that was the case.

Given GCU advised Mr R to buy the policies I don't think it was enough simply to inform him, as it appears to have done in the demands and needs statements, that certain pre-existing medical conditions weren't covered. I think GCU needed to ask Mr R specifically if he had existing medical conditions and advise him of the implications of them being excluded from cover. This would have prompted Mr R to think about whether the PPI would have given him enough peace of mind to be worthwhile. So I don't think GCU's advice was suitable.

I've thought carefully about what information GCU says it gave Mr R. But that came after he'd already spoken with GCU and had been advised to buy the PPI. I think Mr R, like most people, would have relied more on the discussions he'd had than on the information he was later sent.

### **putting things right**

GCU should put Mr R in the position he'd be in now if he hadn't taken out PPI. The policies should be cancelled, if they haven't been cancelled already, and GCU should:

- Pay Mr R 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 15% a year until April 1993 and 8% a year from then on†.
- If Mr R made a successful claim under either PPI policy, GCU can take off what he got for the claim from the amount it owes him for the policy he claimed under.

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

### **my final decision**

For the reasons given, I've decided to uphold this complaint. I require Glasgow Credit Union Ltd to put things right for Mr R as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 October 2016.

Nimish Patel  
**ombudsman**