

## **complaint**

Mr A complains that London Community Credit Union Limited ("LCCUL") mis-sold him Payment Protection Insurance ("PPI") with a loan.

## **background and summary to complaint**

Mr A told us that he took out PPI at the same time as taking out a loan sometime around 2005/2006. It's not known how much Mr A borrowed and over what term or what the cost of the PPI was - Mr A hasn't got any documentation from the time of the sale and LCCUL hasn't responded to our request for its business file.

In the absence of anything to suggest otherwise, it seems reasonable to conclude the following:

- things happened during a meeting in-branch;
- the policy Mr A bought was most likely a regular premium policy; and
- the PPI provided cover for the traditional elements of accident, sickness and unemployment.

What is known is that at time of the sale Mr A was employed in construction; he was entitled to at least three months' sick pay; he didn't have any other means he could've used to make the repayments on his loan if he was unable to work; and he was in good health at the time.

I issued my provisional decision of July 2021 in which I said I was likely to uphold the complaint and award compensation in favour of Mr A because I hadn't seen any evidence to show that LCCUL made it clear the PPI was optional and that Mr A chose to take it out. I issued a provisional decision to give LCCUL one further opportunity to engage with this complaint and provide its business file.

Mr A replied and said he had nothing further to add.

LCCUL didn't respond to my provisional decision.

## **my findings**

I've re-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 PPI complaints on our website and I've taken into account what's relevant here in deciding Mr A's complaint.

Having done so, I've decided to uphold this complaint and make an award in favour of Mr A. My reasons are set out below.

Once again, it is disappointing that LCCUL hasn't engaged with Mr A's complaint and provided us with its business file. But Mr A has said LCCUL sold him PPI and in the absence of evidence to the contrary it seems reasonable for me to conclude that, LCCUL likely did sell Mr A PPI as he's described. LCCUL has had plenty of opportunity to challenge this.

## ***did LCCUL give Mr A a clear choice about PPI?***

LCCUL had to make it clear to Mr A that PPI was optional – it also had to have Mr A's express consent to set the policy up.

Mr A has made a complaint that LCCUL mis-sold him PPI. LCCUL hasn't provided any information or documentation to show how it sold Mr A PPI – including importantly whether it made it clear that Mr A had a real choice about taking the policy out and getting his express consent to set the policy up. Because in my experience I consider this to be one of the most common failings when selling PPI (it is also widely documented as being so) given the assumed date of sale and the lack of evidence about how LCCUL introduced, positioned and sold Mr A PPI at this time, I'm not persuaded that LCCUL acted fairly and reasonably towards him. Based on the available evidence, I'm not persuaded LCCUL gave Mr A a real choice and that he agreed to it on that basis.

Because I consider this to be sufficient reason to uphold this complaint, it's not necessary for me to make findings on any other possible failings in the sale of PPI to Mr A.

As I have concluded that Mr A has lost out as a result of the things done or not done by LCCUL when it sold him PPI, LCCUL needs to do something to put things right.

### ***putting things right***

LCCUL should put Mr A in the financial position he'd be in now if he hadn't taken out PPI. On the assumption that the policy in question was a regular premium policy, the policy should be cancelled if it hasn't been cancelled already and LCCUL should:

- Pay Mr A 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 8% a year.†
- If Mr A made a successful claim under the PPI policy, LCCUL can take off what he got for the claim from the amount it owes him. It can also deduct any amounts it's already paid regarding commission and profit share if applicable.

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

### **my final decision**

For the reasons I've set out above, I've decided to uphold this complaint and I direct London Community Credit Union Limited to pay Mr A compensation as I've detailed above. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 September 2021.

Paul Featherstone  
**ombudsman**