

## **complaint**

Mrs L complains that Glasgow Credit Union mis-sold her payment protection insurance ("PPI") taken out in connection with a loan.

## **background**

Mrs L took out a loan with Glasgow Credit Union in May 2004. The loan was for £6,000 to be repaid over a period of 48 months. The loan was to buy a car. Mrs L also took out a regular premium PPI policy, which provided accident and sickness cover.

I issued my provisional decision in November 2015 and I explained why I didn't think this complaint should be upheld. In that decision I said that as the sale took place during a telephone conversation and Glasgow Credit Union hadn't been able to provide a recording of the sale, I couldn't say for certain what was said during the call.

- Mrs L said that during the sale, PPI was included as part of the loan application and she wasn't asked about her circumstances, including if she had any existing means to repay her loan if she couldn't work.
- Glasgow Credit Union said it would've presented the policy as being optional to Mrs L and she would've needed to agree to take it out. Glasgow Credit Union has also said that as a Credit Union it is there to serve the needs of its members and it's not a profit making organisation. I also noted that the policy provided accident and sickness cover only, rather than full accident, sickness and unemployment cover, which would likely attract a higher cost.

I explained that I'd considered both sides' submissions on this point carefully – but that unlike other financial organisations that operate for a profit, there doesn't seem to have been much benefit to Glasgow Credit Union to include PPI automatically, without giving consumers the chance to say no to the cover. And if it was going to deny consumers this choice, then it is likely to have added the most expensive cover to loan accounts. While I accepted it was possible Mrs L wasn't given a choice, I thought it was more likely she chose to take out PPI and had simply forgotten given the length of time since the sale – some 11 years ago.

I confirmed that I'd looked at the terms of the policy and was satisfied that Mrs L was eligible and she was unlikely to be affected by the main limitations and exclusions because she'd told us that she was in good health and was permanently employed at the time of the sale.

I thought she may have had a need for the cover – it provided accident and sickness cover for up to 24 months per claim. Mrs L told us she had some savings and work related benefits which she could've used to repay her loan if necessary. But I didn't think Mrs L's existing provisions were enough to make the recommendation unsuitable for her. The policy would pay in addition to any sick pay Mrs L received and might be helpful when Mrs L's sick pay reduced or stopped completely. She would at least have the peace of mind her loan repayments would still be made, which would ease the burden on her finances.

The cost of the policy was £6.99 per month. And I noted that this was set out on the loan agreement document. While I didn't know how the costs were explained to Mrs L by Glasgow Credit Union over the phone, I couldn't safely say Mrs L wasn't aware of them or found them unacceptable. They didn't appear unaffordable for her circumstances at the time.

Even if I'd thought Mrs L wasn't aware of the costs when she agreed to take out the policy, given her apparent need for the cover provided by the policy and the competitive price, I didn't think she would have made a different decision if the cost had been made clearer.

I then looked at the information Mrs L received about the policy and I acknowledged that it was possible the information Glasgow Credit Union gave her wasn't as clear as it should have been. But as I had concluded Mrs L chose to take out the policy, she appeared to have wanted this type of cover. She wasn't affected by any of the exclusions or limitations and the policy was apparently affordable. So I thought it unlikely Mrs L would have made a different decision if better information had been provided. On balance I thought she would still have taken out the policy.

I explained that I thought Mrs L wanted and had a need for the cover. And given it provided broadly what I think she expected when she agreed to it, I didn't think she would have made a different decision (and decided against taking it out) had she been better advised and informed.

I invited all parties to let me have any further comments and information before I reached a final decision.

Both parties have now confirmed they'd received the provisional decision, but neither party has given me any further information for me to consider.

### **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. But as neither party has given me new information to consider, I see no reason to change my opinion on this complaint.

So I still think Mrs L's complaint shouldn't be upheld.

### **my final decision**

My final decision is that I don't uphold Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 14 January 2016.

Andrew Macnamara  
**ombudsman**