

complaint

Mrs D complains she was mis-sold payment protection insurance ('PPI') when she took out a store card.

It's been agreed in this case that Financial Insurance Company Limited ('FICL') as the insurer should accept responsibility for the complaint. To keep things simple I will refer to FICL in my decision.

background

In 2002 Mrs D applied for a New Look store card by completing an application form. At the same time she was sold a PPI policy to protect her card payments. The policy cost £1.00 per £100 Mrs D owed on her store card. The policy would've paid 15% of the outstanding monthly balance on the card each month if Mrs D couldn't work because she was unwell or lost her job. The benefit would have been paid until the outstanding balance was cleared. The policy also offered purchase and price protection. Our adjudicator said Mrs D's complaint should not be upheld. Mrs D disagreed with the adjudicator's opinion and the complaint has been passed to me.

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 and I've taken this into account in deciding Mrs D's case.

For the reasons below, I've decided not to uphold Mrs D's complaint.

Mrs D has said she was never asked anything about PPI and that she didn't need the cover because she had sick pay from her employer and other means she could rely on. Mrs D told us on our questionnaire that the sale of the policy took place during a phone call. FICL says the policy wasn't sold over the phone. It says the cover was sold in the store at the same time as the card was arranged. And it's told us that Mrs D wasn't given any advice to take out the PPI.

There's limited information available to me about what happened at the time. So I don't know what may or may not have been said. But I do think the sale most likely took place in the store as FICL has said. The application form records the branch/ store number at the top and Mrs D has signed the application on the same date as the lender. And given the evidence and submissions I've been provided with, I've not seen enough to make me think FICL advised Mrs D to take out the PPI.

Because of this FICL didn't have to make a suitable recommendation for Mrs D's circumstances. Instead it had to provide her with enough clear information about the policy so she could decide if she wanted to take it out.

I can't say that FICL did this. I don't know what may have been discussed at the time. Or what information Mrs D may have been given. It also seems that some of the information would've been sent to Mrs D after she had agreed to take out the PPI – so this wouldn't have been available to her at the time of deciding if she wanted the cover. But even if I were to accept Mrs D was given enough clear information about the policy, I don't think it would've affected her decision to have the PPI.

Mrs D was able to apply for the policy and I've not seen anything in her circumstances to suggest she would have found it difficult to make a claim – she was employed and in good health.

Mrs D has told us she had sick pay through her employer and financial support from family members if she needed. It's difficult to give weight to support from family as it may not be available when it's most needed. And the policy would have paid in addition to any sick pay she had from her employer. The policy would also continue to pay benefit until the outstanding balance on the card was cleared. As well as provide life cover and price and purchase protection.

I don't think FICL made the cost of the policy clear enough – it only provided the headline cost of a penny for every pound on the card balance. So I don't think this was enough for Mrs D to understand what the real cost of the policy was for her. But taking everything into account, I think if Mrs D had properly understood the policy cost and the benefit provided she would have thought the policy potentially useful for her circumstances.

I've considered if Mrs D was made aware she had a choice in taking out the policy. I can see on the application form for the card there was a separate section for the PPI. Mrs D has signed that section - separately to where she signed to agree to the credit. I think if she hadn't wanted the cover she could have chosen not to sign this section. So it's difficult for me to say Mrs D was unaware of the policy when she arranged the card or that she was unaware she had a choice in taking it out.

Overall, I don't think FICL did everything it needed to when it sold the policy to Mrs D. But I think she knew she was taking out the policy and that she had a choice in taking it out. And while FICL could have provided better information to Mrs D about the policy at the time, I think if Mrs D had been properly informed about the PPI she would still have gone ahead with it given her circumstances.

my final decision

For the reasons above, my final decision is that Mrs D's complaint should not be upheld. And I make no award against Financial Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 30 October 2015.

Kristina Mathews
ombudsman