

complaint

Mr B complains that Everyday Loans Limited mis-sold payment protection insurance (PPI) to him, with a loan.

background

Mr B took out a personal loan through Everyday Loans in 2009. He bought a monthly premium PPI policy too. It was to cover the repayments on the loan if he couldn't work because of accident or sickness, or lost his job. It would also have paid off the balance of the loan if he'd died.

He's raised various issues about how the PPI was sold to him. In particular, he says he was told he had to have PPI, to get the loan. And he feels it was forced on him.

Our adjudicator thought his complaint shouldn't be upheld. But Mr B disagrees, so it's been passed to me to decide.

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 Mr B's case.

I've decided not to uphold Mr B's complaint. I'll explain why.

was Mr B given a fair choice?

Mr B and Everyday Loans agree that the PPI was sold face to face, in one of its branches. But I haven't been given a note of that discussion. So I have to decide what's likely to have happened, based on the documents from the sale which I've seen, and what Mr B and Everyday Loans have told us about the sales process.

Mr B complains that Everyday Loans led him to believe he had to buy PPI, for the loan to go ahead. But Everyday Loans says taking out PPI wouldn't have been a condition of his loan, or influenced whether he got it. So I've looked at the documents I've got, to see whether these made it clear he was free to choose whether or not to have the PPI.

In particular, I've read the loan agreement that Mr B signed. This included a section dealing with PPI. It said that the PPI 'is optional'. There were separate boxes for ticking whether he did or didn't wish to buy PPI. Both were equally prominent. I see that the box for wanting it was ticked. Mr B then signed the agreement.

And the statement of price, which Everyday Loans says Mr B was also given before buying the PPI, said PPI 'is optional and is not a condition of your loan'.

I don't know what Everyday Loans told Mr B in their meeting. Everyday Loans says its representatives would always tell customers that PPI is optional. On the other hand, Mr B says Everyday Loans refused to consider any loan without PPI.

I've thought carefully about what Mr B has said. I'm sure he's given us his best recollection of what happened. It's possible that on this occasion the sales adviser didn't follow the normal sales process. And in any event it's likely he or she encouraged Mr B to buy the PPI. But that's not enough to lead me to conclude that Everyday Loans told Mr B he had to have it, in order to get the loan. Or that he was put under any unfair pressure to agree to buy it.

Everyday Loans says too that the loan had already been approved by phone, before the meeting took place, and that Mr B knew this. If that's right, it would make it even clearer to Mr B that PPI was a separate product and not something he had to have.

So taking into account what Everyday Loans has told us about its procedures at that time, and the documents I've seen, I think it's likely Everyday Loans did enough to make it clear to Mr B that whether to have PPI was his own decision. And that he then chose to buy it.

did Everyday Loans give Mr B good enough advice and information?

Mr B and Everyday Loans are agreed that Everyday Loans recommended the PPI to him. This meant Everyday Loans had to take steps to find out about his circumstances and needs, to make sure it would be suitable for him.

From what I know of his situation when he bought the PPI, and reading the terms of the policy, I think Mr B was eligible for it. He's told us he would've got sick pay amounting to full pay for six months and half pay for another six, if he'd been off work unwell. But the loan was for 24 months. And any benefits under the PPI policy would've been on top of any sick pay or redundancy payment he got, and could've gone on for longer than his sick pay.

He's told us his wife wasn't working at that time. And that apart from sick pay, without PPI he didn't have any savings or other means of meeting the loan repayments if he couldn't work, or lost his job. The benefits available under the PPI policy were worth much more than it cost. And I don't think any of the main things it didn't cover would've put him off having it.

So overall, I think the policy that Everyday Loans advised Mr B to buy was suitable for him. But Everyday Loans also had to give him clear and fair information about the cost and main features of the PPI, so he could decide whether to buy it.

I don't know what was said about the PPI by Everyday Loans' adviser. Mr B says the adviser rushed rather quickly through the details of the loan. So I've looked to see what the paperwork shows Mr B was told in writing about the cost and terms of the PPI.

I see that the statement of price set out the total cost of the policy over the length of the loan. And this document, and the loan agreement he signed, both gave him a figure for the average monthly cost.

But from what I've seen, I think Everyday Loans could've made the information about the cost clearer. In particular, it could've explained that the way the PPI was paid for meant it cost more at the start than later in the loan period. So Mr B would pay less towards his loan early on, and more interest on his overall loan than if he didn't have PPI.

However the 'missing' information only concerned a small amount of money. So I don't think having slightly better information about the cost would've changed his mind.

I've looked too at what Everyday Loans told him about the main terms of the PPI. In my view the paperwork, particularly the 'needs analysis form' that Mr B signed, suggests there was a discussion about his circumstances, and about the different sorts of PPI available.

The notes on the form say he told the adviser he'd like to protect his loan repayments against loss of income owing to accident or sickness, or leave his family debt free if he died. And he also wanted to give himself enough time to find a new job if he was made redundant.

So I think it's likely the Everyday Loans adviser gave him some details of the benefits and key features of the PPI during their discussion, asked him questions about his job and health, and then recommended the PPI to him. And that he decided to have that cover, which was for accident and sickness, unemployment and life.

The 'customer review document' that Mr B signed said that the cost, benefits, exclusions and key terms of the PPI had been explained to him. Everyday Loans says too that as part of its process it'll have given Mr B written details of the policy. But I don't know whether he got those, and if so when - or whether he had chance to read them before agreeing to have PPI.

So overall, based just on what I've seen and been told, it's possible Everyday Loans could've made some of the information about the cost and terms of the PPI clearer. But even if he'd been given better information before buying it, I don't think that would've made any difference.

In view of his financial situation, in particular having no means of meeting the repayments if he wasn't working (apart from sick pay for much less than the length of the loan), I think Mr B would probably still have decided to buy the PPI. It could've been useful for him.

I know Mr B feels strongly about his complaint. And I've thought very carefully about all the points he and his representatives have made. But on balance, from the information I've got, it wouldn't in my view be fair and reasonable to uphold it.

I don't think Mr B is worse off as a result of anything Everyday Loans did wrong. Which means there's nothing Everyday Loans needs to do to put things right.

I'm told Mr B also took out other loans through Everyday Loans. But this decision's just about the PPI with the loan he got in July 2009. Mr B has also briefly mentioned concerns about the arranging of the loan itself, but if he feels he has any reason to complain about that, it'd be a matter for a separate complaint.

my final decision

For the reasons I've explained, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 April 2016.

Chris Langford
ombudsman