

complaint

This complaint is about a series of payment protection insurance (PPI) policies taken out between October 2002 and June 2004, in connection with a succession of personal loans. Mr S says that Value Credit Union Ltd ("Value Credit") mis-sold the policies.

background

The adjudicator concluded that the complaint should be rejected. Mr S did not agree with the adjudicator's view and so the matter has been referred to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. In doing so, I have taken into account the law and good industry practice at the time the policy was sold.

I think the relevant considerations in this case are the same as those set out in our well-established approach to complaints about the sale of PPI, which is published on our website.

The key questions to bear in mind therefore are:

- whether Value Credit gave Mr S information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about whether to buy the insurance; and
- whether, in giving any advice, Value Credit took adequate steps to ensure that the product it recommended was suitable for Mr S's needs.

If there were problems with the sale, then I need to decide if Mr S lost out as a result. Where matters are in dispute, I must decide what is more likely to have happened.

It is agreed that the policies were sold in branch. In his PPI questionnaire, Mr S indicated that he did not recall whether or not advice was given. In his complaint form he stated that he should have been given clearer advice. Value Credit has indicated that policies were sold on an information-only basis. In other words, Value Credit did not make a specific recommendation to Mr S to purchase the insurance. No sales script has been provided but Value Credit has stated that the consumer would have been asked, 'do you require cover for redundancy and/or accident and sickness?' If the answer was 'yes', a key facts document would be provided. This sales approach was not disputed by Mr S following our adjudicator's view and, on balance, I accept that this is how the policies were sold.

I have considered next whether Mr S would have understood that the policies were optional and whether he consented to purchasing cover. I have seen loan applications and loan agreements for the loans/policies taken out between Jan 2003 and Jun 2004. I have also seen a different style of loan application for the loan/policy dated Oct 2002. The documentation for this loan does not require an active selection of PPI. However, the subsequent applications all require the consumer to select PPI. It is, of course, impossible to know what was said during the sales meetings and how, exactly, PPI was presented to Mr S. However, on all but the first loan agreement, under the 'Declaration', there are choices for accident, sickness and unemployment cover, accident and sickness cover only, and, significantly, no cover. Mr S has signed immediately underneath these statements, declaring

that all of the information provided on the form is true and correct, and effectively consenting to both loan and insurance.

I am also aware that Mr S had previously taken out a loan in July 2002 which was not covered by PPI. On balance therefore, I am satisfied Mr S would have known, or ought reasonably to have understood that the policies were optional, and that he elected to purchase them.

As this was a non-advised sale, Value Credit was required only to provide sufficient information to enable Mr S to make an informed choice. Mr S has indicated that the information provided was inadequate. I cannot say whether all Mr S's information needs were met; and I therefore accept the possibility of a shortcoming on the part of Value Credit. Nevertheless, I am of the view that, even with clearer and better information, Mr S would still have decided to proceed with the policy. I say this for the following reasons:

- Having reviewed the criteria, I am satisfied that Mr S was eligible for the policies and would not have been affected by any unusual terms of conditions, such as those relating to pre-existing medical conditions or self-employment.
- The cost of the policies appears to have been approximately 4.5% of the monthly repayment. I understand that, upon a successful claim, the policies would cover Mr S' loan repayments for 24 months for accident and sickness and 12 months for unemployment. Mr S has stated that he had 12 weeks sick pay from his employer and has not disclosed any savings or other means. The policy would have paid out in addition to any occupational benefits and also protected against unemployment.
- Mr S has said that the policies were neither wanted nor needed. However, I am conscious that Mr S took out a succession of loans for purposes including home improvements and Christmas shopping; thereby suggesting that he was having difficulty funding expenditure beyond his basic monthly living expenses. Given this, I can see that he might well have wished to minimise further potential financial stress by protecting his loans.

In light of this evidence, and having already found that Mr S actively chose PPI, I am persuaded on balance that, even with full information, Mr S would most likely still have chosen to purchase the policies.

It follows therefore that I do not think these policies were mis-sold and do not uphold this complaint. I realise Mr S will be disappointed with this outcome, but hope that my reasoning at least explains why I have drawn these conclusions.

my final decision

For the reasons given above, I do not uphold this complaint and I make no award against Value Credit Union Ltd.

Jo Chilvers
ombudsman