

complaint

Mr and Mrs H say Everyday Loans Limited mis-sold two payment protection insurance (PPI) policies to them.

background

In 2007 and 2008 Mr and Mrs H took out joint personal loans through Everyday Loans. They took the loans out during meetings at their local branch – and Everyday Loans advised them to take out PPI each time.

The PPI policies were paid for on a monthly basis and each would cover the monthly loan repayments if Mr H was off work sick or lost his job. They would also pay off the loans if he died.

Our adjudicator didn't uphold Mr and Mrs H's complaint – because she didn't think Everyday Loans had mis-sold the PPI policies.

Mr and Mrs H disagreed. They said they felt pressured to buy the PPI to get their loans and they just signed the paperwork where Everyday Loans told them to.

At the same time it sold them PPI, Everyday Loans also sold Mr and Mrs H joint life cover policies. These were separate policies to the PPI and were paid for by borrowing more on each loan. The adjudicator told Mr and Mrs H that, if they're unhappy with the sale of these separate life policies, they should raise their concerns with Everyday Loans first.

This decision is *only* about the PPI policies Everyday Loans sold to Mr and Mrs H.

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 and Mrs H's case.

I know this won't be the outcome Mr and Mrs H were hoping for. But I've decided not to uphold their complaint about the sale of the PPI policies.

Mr and Mrs H say Everyday Loans pressured them to take the PPI, didn't tell them it was optional and made them feel they had to take it to get their loans. Whereas Everyday Loans says it would've made clear that taking the PPI didn't have any bearing on whether it gave them the loans or not. And it says its sales process – as well as the paperwork they were given – would've made clear to Mr and Mrs H that they had a choice.

I can't know what Mr and Mrs H were told during their meetings in the branch. But I can see that their loan agreements – which they've signed – described the PPI policies as 'optional'. And Mr and Mrs H also had to tick a box on each agreement to say they wanted the PPI.

Everyday Loans has also provided a 'statement of price' for each sale – which it says it would've given to Mr and Mrs H. This also said the PPI was optional and said it wasn't a condition of the loan. I can't be sure Mr and Mrs H saw these documents, but I also don't

have any particular reason to doubt that Everyday Loans would've followed its normal sales process in their case. And, if it did, they should've seen them.

Everyday Loans asked Mr and Mrs H questions about their circumstances. And, based on their answers, it advised Mr H to buy the PPI. So it's quite possible that Everyday Loans strongly recommended the PPI and told Mr and Mrs H it was a good thing to have. But that isn't the same as forcing Mr and Mrs H to buy it – or saying they couldn't have the loans without it. Mr and Mrs H also haven't really explained what Everyday Loans said or did to make them think they didn't have any choice.

So overall I haven't seen anything to make me think Everyday Loans put unfair pressure on Mr and Mrs H to buy the PPI. Instead it looks to me like Everyday Loans gave them a choice about buying the PPI – and Mr and Mrs H chose to buy it at the time.

Because Everyday Loans recommended the PPI to Mr and Mrs H, I've also looked at whether that was the right advice. And I think it was the right advice.

Everyday Loans only recommended the PPI for Mr H – which was the right thing to do because Mrs H didn't work and couldn't qualify for any of the cover. Mr H did get some sick pay from work and he also had death in service benefit. But the PPI would pay out on top of his sick pay (or any redundancy pay) and potentially for longer. And if Mr H died the PPI would pay off the loan without eating into his death in service payment. So it seems the PPI could've been useful to them.

As well as giving them the right advice Everyday Loans also had to give Mr and Mrs H clear and fair information about what the policy cost and its main features, so they could decide whether to buy it.

Again I can't know what Everyday Loans said to Mr and Mrs H about the policy cost during the meetings. But I can see the statements of price gave the estimated total cost of each policy. And these documents, and the loan agreements they signed, both gave them a figure for the average monthly cost.

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 towards the end of the loan period. So Mr and Mrs H would pay more interest on their overall loans.

But the 'missing' information was only a small amount of money. So I don't think having slightly better information about the cost would've changed Mr and Mrs H's minds about buying the PPI policies – and I haven't seen anything to suggest they couldn't afford the PPI.

I can't be sure that Everyday Loans told Mr and Mrs H about all the main things the PPI policies didn't cover. But I also can't see they were likely to be affected by any of those things. Mrs H wasn't covered by the PPI policies anyway. And Mr H was apparently in good health when he took them out.

All of this means that – even if Everyday Loans had given them different, or better, information – I think Mr and Mrs H would still have bought the PPI policies. So I don't think they're worse off as a result of anything Everyday Loans did wrong and this means there's nothing it now needs to do to put things right.

my final decision

My final decision is that I don't uphold Mr and Mrs H's complaint about the sale of their PPI policies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 6 November 2015.

Dawn Griffiths
ombudsman