

complaint

Mrs L complains that Glasgow Credit Union Ltd (GCU) mis-sold her a payment protection insurance (PPI) policy when she took out a loan.

background

Mrs L took out a loan by phone in 2003. At the same time she also bought a regular premium PPI policy to protect her loan repayments in the event she couldn't work through ill health, or if she lost her job. The policy cost about £15 a month.

The adjudicator upheld the complaint. He said there wasn't enough evidence in this case to show that GCU made it clear to Mrs L that PPI was optional.

GCU disagrees, so the complaint comes 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 Mrs L's case.

I've decided to uphold Mrs L's case. And my reasoning is set out below.

did GCU make it clear to Mrs L PPI was optional?

Mrs L says she didn't ask for PPI. GCU says it did make her aware she had a choice. It says the software it uses on its systems doesn't allow the insurance script to be bypassed – all of the questions have to be fully answered. And that as a credit union it operates differently to banks - there was no incentive for staff to sell the insurance, it was offered on a 'take it or leave it' basis.

But GCU hasn't got a recording of the phone call. And it can't provide a copy of the call script or give any more information about the system or software it's referred to. So I don't know how PPI was introduced or how GCU intended the discussion to go - there's nothing to support what it says happened.

What I do have is a copy of Mrs L's loan agreement, which was sent out to her *after* the phone call. And this makes reference to PPI – '*policy taken ASU...includes insurance premium of...*' But it doesn't say it was optional. And I don't think there's anything, which might indicate or suggest this either. There wasn't an opportunity for Mrs L to confirm she wanted it by ticking or putting a cross in a box or signing something separate from the loan agreement, which specifically asked if she wanted PPI/ to confirm her choice to take it.

So while I understand the sale happened some time ago. And I hear what GCU says about the way it operates as a credit union, in this particular case and from the information available to me, I can't fairly say GCU made it clear to Mrs L that PPI was optional. On balance, I don't think it did do this and it was simply included as part of her loan.

As a result of my finding that GCU did something wrong here, it needs to put things right.

putting things right

I understand Mrs L's loan agreement, although originally set at a four year term, ended early. So on the basis the PPI policy also ended early and was cancelled, Glasgow Credit Union should:

- pay Mrs L the amount she paid each month for the PPI
- add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mrs L made a successful claim under the PPI policy, Glasgow Credit Union Ltd can take off what she got for the claim from the amount it owes her.

† HM Revenue & Customs requires Glasgow Credit Union Ltd to take off tax from this interest. Glasgow Credit Union Ltd must give Mrs L a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've set out, I uphold this complaint. So Glasgow Credit Union Ltd needs to put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 3 June 2016.

Paul Featherstone
ombudsman