

## complaint

Mrs M complains that Glasgow Credit Union Ltd (GCU) mis-sold her a payment protection insurance (PPI) policy.

## background

Mrs M took out a loan with GCU over the phone in 2006. At the same time, GCU also sold her a regular premium PPI policy to protect her loan repayments if she couldn't work because of accident and sickness or unemployment.

The adjudicator recommended the complaint be upheld. GCU disagreed, so the complaint came to me to review afresh.

## 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 M's case.

Having done so, I've decided to uphold Mrs M's complaint. I'll explain why.

Mrs M says she didn't want PPI. GCU says the PPI would only have been added following a discussion with Mrs M which, it seems, happened over the phone. GCU hasn't got a recording of the phone call. And it can't provide a copy of the call script it was supposed to follow. So I don't know how PPI was introduced or how GCU intended the discussion to go.

I realise GCU 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 in that there was no incentive for staff to sell the insurance – it was offered on a 'take it or leave it' basis. But there's little to support what it says happened.

GCU says Mrs M signed to accept PPI. It points, among other things, to the "*Demands and Needs Statement*" Mrs M signed, which says her personal circumstances were discussed and it was agreed she wanted her loan repayments to be protected.

On the face of it, this might appear to make it clear to Mrs M that the PPI's optional. And that she wanted to go ahead with it. That said, just above where Mrs M signed was the statement "*FAILURE TO COMPLETE AND RETURN THIS DOCUMENT WILL RESULT IN A DELAY TO YOUR LOAN ALLOCATION*".

I can see that, despite the earlier wording, the final statement appears much more prominently and might have led Mrs M to believe she would have lost out if she didn't return the form as instructed. And there was nowhere on the form for Mrs M to sign to say she didn't want PPI. In addition, the form would only have been seen out after the sale effectively took place over the phone. As I've said, I can't be sure what was discussed in the call.

I have a copy of Mrs M's loan agreement. But, again, that was sent to her after the phone call. It refers to PPI, although it doesn't suggest it was optional.

Overall, I can't fairly say GCU made it clear to Mrs M that the PPI was optional.

### **putting things right**

GCU should put Mrs M in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and GCU should:

- Pay Mrs M 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 M made a successful claim under the policy, GCU can take off what she got for the claim from the amount it owes her for the policy she claimed under.

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

### **my final decision**

For the reasons given, I've decided to uphold this complaint. I require Glasgow Credit Union Ltd to put things right for Mrs M as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 February 2017.

Nimish Patel  
**ombudsman**