

complaint

Mr L complains that Creation Financial Services Limited (Creation) mis-sold him a payment protection insurance (PPI) policy.

background

In 2007, Mr L took out a £3,147.71 loan with Creation over the telephone. Two weeks after getting the loan, Mr L bought a monthly premium PPI policy by completing a postal application form which Creation sent to him.

The policy covered Mr L's monthly loan repayments of £73.47 for up to 12 months per claim if Mr L lost his job or couldn't work because of illness. The monthly cost of the policy was £9.18.

Our adjudicator didn't uphold Mr L's complaint. She thought that Creation had presented the policy as optional. And had given Mr L enough information about the policy for him to be able to decide whether or not he wanted to take it out. Mr L doesn't agree. He says Creation added the policy to his account without his knowledge. And if he'd been given the option he would have declined it and he didn't need it.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think the issues in this case are the same as those set out in the information on our website, which explains our approach to complaints about the sale of PPI.

I've decided not to uphold Mr L's complaint.

Creation says Mr L's loan was approved in August 2007. And that Mr L was sold PPI by completing and returning a postal application on 15 September 2007. Creation has given us a copy of Mr L's PPI acceptance form. And I'm satisfied that the policy was presented as optional and Mr L consented to taking it out. I say this because:

- Mr L had to complete and sign a direct debit separately for the PPI policy
- The PPI acceptance form Mr L signed, states: *'I understand that this insurance is optional.'* The acceptance form also states: *'to avoid delay in providing you with cover, we have already completed the details of your credit facility.'* So, I think Mr L would have been aware that his loan had already been approved and he didn't have to take out PPI.
- Mr L initially declined to take out PPI when he took out his loan over the telephone with Creation.
- The PPI acceptance form states: *'If the Direct Debit is signed and dated this constitutes my request for Creation Consumer Finance Payment Plus'*
- Mr L has signed and dated the direct debit on the PPI acceptance form to take out the policy. If Mr L didn't want the policy, he could have ignored the acceptance form.

I know Mr L says Creation added the policy to his account without his knowledge. But the evidence shows Mr L chose to buy the policy, even if he no longer remembers doing so. And I think Creation presented the policy as optional and something separate to his loan – particularly as Mr L's loan had been approved before he was sold PPI.

As this wasn't a recommended sale, Creation only had to give Mr L enough information about the policy so that he could decide whether it was right for him. And I can see that Creation may not have done all it should have. I can't be sure Mr L received, read or understood the policy summary that Creation says was enclosed with the PPI acceptance form. And Creation says the full policy document was sent to Mr L *after* he had decided to buy the policy. But I don't think that made Mr L buy a policy he otherwise wouldn't have bought.

Mr L was eligible for the cover and wasn't caught by any of the important limitations or exclusions. So he could have benefitted from the full cover of the policy if he needed to.

Mr L says he didn't need the policy because he had some sick pay and savings he could have used to help him meet his loan repayments if he couldn't work for some reason. But the policy could have met Mr L's repayments in addition to and for significantly longer than his sick pay. And it would mean his savings could remain intact. So I think the policy would have provided him with worthwhile benefit.

The PPI acceptance form clearly set out the monthly cost and benefit of the policy. So I think Mr L would have had a good idea of how much the policy was going to cost him. And it looks like the policy was affordable for him and he could have cancelled it at no further cost to him if he decided he didn't want it anymore or his circumstances changed.

I don't think clearer or better information would have made Mr L decide not to buy the policy. Based on what Mr L has told us about his circumstances, I think fuller information would have shown him that the policy provided useful potential benefits at a reasonable cost. This means Mr L isn't worse off as a result of what Creation did wrong, so there's nothing it needs to do to put things right.

my final decision

For the reasons I've explained, I've decided not to uphold Mr L's complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 19 December 2014.

Sharon Kerrison
ombudsman