

complaint & background

This complaint relates to the sale of a regular premium Payment Protection Insurance ('PPI') policy sold in connection with an Argos store card in November 2010. Mrs B complains Home Retail Group Insurance Services Limited ('HRG') mis-sold the policy.

Our adjudicator did not consider the policy had been mis-sold and did not uphold the complaint. Mrs B did not agree with the adjudicator's conclusions so the file 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 any relevant regulatory rules, the law, and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out in the section of our website explaining how we deal with PPI complaints.

The overarching questions I need to consider, therefore, are:

- Whether HRG gave Mrs B information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying.
- Whether in giving any advice or recommendation, HRG took adequate steps to ensure that the product it recommended was suitable for Mrs B's needs.

If there were any shortcomings in the way the policy was sold I need to decide if Mrs B is worse off as a result. That is, would Mrs B be in a different position to the position she finds herself in now if there had not been any shortcomings.

basis of sale

It is not in dispute that HRG recommended Mrs B purchase the PPI. I have therefore considered the complaint on this basis.

was the optional nature of the policy properly explained?

In response to our adjudicator's decision, Mrs B has said that the optional nature of the policy was not properly explained, as had it been, she would not have purchased the policy. Mrs B also says that she only took out the PPI for the 'Coversafe' protection for products purchased from PPI and that she did not know that this also included PPI.

I have listened to a recording of a card registration call between Mrs B and HRG on 10 November 2010, and my review of that recording leads me to the conclusion that Mrs B's memories of how PPI came to be added to her account are likely to have faded in the years since the sale.

The reason I say this is because after confirming Mrs B's name, card number, date of birth and address HRG's representative then went on to give an explanation of the PPI's costs and benefits and ask Mrs B if she wished to have it added to her account, to which Mrs B confirmed twice she wanted the policy added to her account. From the context of the call,

I consider Mrs B knew, or ought to reasonably have known, that the Coversafe was an 'add on' to the PPI, and that both were optional.

was the recommendation suitable?

Having carefully considered the available evidence, I am not persuaded it was unsuitable for HRG to recommend the policy to Mrs B. In reaching this conclusion, I note the following:

- Mrs B met the policy's eligibility criteria in terms of age and UK residency. Mrs B has also told us she was in good health at the time of sale, so she does not appear to have been affected by any of the significant exclusions or limitations in relation to her health.
- Mrs B has told us she was employed at the time of sale and that she would have received discretionary sick pay. I am conscious that Mrs B told us in her response to our initial assessment that her pay was not discretionary, and that she would have received full sick pay for as long as she was unable to work due to accident or sickness. However, Mrs B's representatives had earlier told us that Mrs B had held two roles with the same employer, each with the same sick pay entitlement – '*full pay for as long as management deemed appropriate, depending on illness and/or situation.*'

I consider Mrs B's first explanation of her sick pay as being discretionary is more likely to be her entitlement. This is because unlimited sick pay is so unusual it is highly unlikely this would have been her entitlement.

Therefore, given Mrs B's sick pay was likely discretionary the PPI would have been of assistance to her, given it provided a monthly benefit of 15% of the outstanding balance at the point of claim. Mrs B would have been able to use any employee benefits she received for other everyday expenses.

- I have no information to suggest Mrs B could not afford the policy, which cost £1.30 per £100 of the outstanding account balance, or that the premium (in the light of the potential benefit of 15% of the outstanding balance) was unsuitable for her.

I am therefore satisfied that the policy would have provided a useful benefit to Mrs B if she became unable to work. So, given Mrs B's circumstances at the time of the sale, I am also satisfied she had a need for the policy. It follows that I do not conclude it was unsuitable for HRG to recommend Mrs B take out the PPI policy.

was clear information about the policy provided?

Having reviewed the call when the PPI was sold, I am not persuaded that Mrs B's information needs were fully met.

While I am satisfied that HRG explained the limitations and exclusions that applied to pre-existing medical conditions and the basic costs and benefits of the policy (as set out above), Mrs B was not told that she would have to continue paying the premiums in the event of a successful claim – meaning the benefit of the policy was slightly less than the 15% HRG represented it to be. Nor was a full explanation of the exclusions and limitations that applied to unusual employment situations given to Mrs B.

However, it doesn't automatically follow from HRG's information failings that I should uphold Mrs B's complaint. I need to be satisfied that Mrs B has lost out as a result – in other words,

that she would have acted differently (and decided not to take out the policy) if HRG had clearly explained all of the policy's significant features.

I am not persuaded that Mrs B would have decided against taking out the PPI even if she had been provided with clear information about it. This is because the full costs and benefits of the policy were not uncompetitive at the time; Mrs B does not appear to have been affected by any of the major exclusions or limitations related to her employment status; and the benefit would still have paid out significantly more than Mrs B's minimum card repayment each month.

So, given that I think Mrs B wanted the cover and that she was likely to have been able to afford it I am not persuaded she would have been put off taking out the policy if any of the key features had been better explained.

In conclusion, I am not persuaded the policy was added to Mrs B's account without her consent. I also have no evidence that would allow me to safely conclude that the policy was unsuitable for Mrs B, or that she would have acted differently and declined the policy, had she been fully informed.

my final decision

It follows from the above that I am not persuaded that this policy was mis-sold. I appreciate that this may come as a disappointment to Mrs B, but for the reasons I have set out, I do not uphold this complaint and make no award against Home Retail Group Insurance Services Limited.

Jonathan Hanton
ombudsman