

complaint

Mr C complains that he was mis-sold payment protection insurance (“PPI”) by Welcome Financial Services Limited (“WFSL”).

background

I set out the full background to this complaint in my provisional decision which I’ve attached here and forms part of my final decision.

I invited both parties to comment on my provisional decision. Neither party had anything further to add.

my findings

I’ve reconsidered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

As neither party had anything further they wished me to consider I see no reason to depart from my provisional findings.

my final decision

I uphold Mr C’s complaint and direct Welcome Financial Services Limited to pay compensation as described in ‘putting things right’ in my attached provisional decision.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 8 August 2019.

Sally Allbeury
ombudsman

Provisional decision

complaint

Mr C complains that he was mis-sold payment protection insurance (“PPI”) by Welcome Financial Services Limited (“WFSL”).

background

Mr C took out a loan with WFSL in 2004. At the same time he was sold a PPI policy which would’ve covered his repayments for up to 12 months at a time if he became unemployed. If he was too sick to work it would’ve paid out until he was able to return to work or the loan was paid off, whichever was sooner.

Mr C says, amongst other things, that the terms and conditions weren’t explained to him. I have considered all of Mr C’s complaint points.

The adjudicator thought that the policy was mis-sold. WFSL disagree, so the complaint has been passed to me to make a decision.

my provisional 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 PPI on our website and I've taken this into account when deciding this case. Having done so, I provisionally intend to uphold Mr C's complaint. I'll explain why I've reached this decision.

I can see from the documents provided by WFSL that Mr C was given a clear choice about whether to take the PPI and that he chose to do so.

WFSL gave Mr C a personal recommendation to buy the policy, so it had to take reasonable steps to make sure it was right for him. When Mr C first brought his complaint to this service he wasn't sure what work he was doing at the time of sale. I think this is understandable given nearly 15 years have passed since then. WFSL has supplied evidence of Mr C's occupation and employer at the time. When reminded of this Mr C explained that he was a temporary or seasonal worker. As a temporary or seasonal worker Mr C wouldn't have been able to make a successful unemployment claim against the policy.

WFSL say that this wasn't the case. They point to a section in the demands and needs statement, one of many documents signed by Mr C during the sale of the loan and PPI. It says "*You confirmed that you are working for 16 hours a week or more (excluding temporary work)....*" WFSL say this shows that Mr C wasn't a temporary or seasonal worker at the time of sale.

I disagree. I think this would've been easily missed by Mr C among the numerous documents he signed. And where WFSL have recorded Mr C's employment details there was no option to specifically ask whether the employment was temporary or seasonal; only whether it was full time or not – which Mr C's employment was.

Mr C had only been in his job for a month or so at the point of sale. It was the month leading up to Christmas, in a retail packing role. And it appears he hadn't been in employment immediately prior to this. I also note that the point of contact given by Mr C to confirm his employment was a recruitment agency, rather than the retailer. So I think it's likely Mr C was in temporary, seasonal employment as he has described. I don't think that if Mr C had been directly asked about the tenure of his employment he would have said he was permanently employed – but it doesn't seem that he was asked directly.

The adjudicator thought that if the exclusion for temporary or seasonal workers had been explained to Mr C that he wouldn't have bought the policy, so Mr C lost out as a result of what WFSL did wrong. I agree. However, I think there was a further failing by WFSL when it assessed the suitability of the policy for Mr C.

Looking at the details WFSL took from Mr C about his employment when he applied for the loan it's clear that Mr C had only been in employment for about a month. There is an additional note saying '*Was helping on St John's Ambulance between March and November.*' His previous employer is also detailed.

St John's Ambulance is a volunteer organisation. I don't think Mr C was in paid employment with them, or he would have listed it as one of his employers.

For Mr C to be able to make a successful unemployment claim he needed to have been continuously employed for the 12 months before the policy was taken out. I don't think Mr C met this criterion. So even if he wasn't a temporary or agency worker the policy wouldn't have been right for him.

I think WFSL's recommendation to Mr C was inappropriate and I think Mr C lost out as a result of WFSL's failings.

putting thing right

Mr C borrowed extra to pay for the PPI, so his loan was bigger than it should've been. He paid more than he should've each month and it cost him more to repay the loan than it would've done without it. So Mr C needs to get back the extra he's paid.

WFSL should:

- Work out and pay Mr C the difference between what he paid each month on the loan and what he would've paid without PPI.
- Work out and pay Mr C the difference between what it cost to pay off the loan and what it would have cost to pay off the loan without PPI.
- Add simple interest to the extra amount Mr C paid from when he paid it until he gets it back. The rate of interest is 8% a year[†].
- If Mr C made a successful claim under the PPI policy, WFSL can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires WFSL to take off tax from this interest. WFSL must give Mr C a certificate showing how much tax it's taken off if he asks for one.

my provisional decision

I am currently intending to uphold Mr C's complaint although I will consider any further evidence supplied by either party which I receive before 19 July 2019.

If my decision becomes final I shall direct Welcome Financial Services Limited to pay compensation as described above.