

complaint

Mrs B complains that AIB Group (UK) Plc (AIB) mis-sold payment protection insurance (PPI) to her, with a loan.

background

I attach my provisional decision of 15 December 2015, which forms part of this final decision.

In that provisional decision, I set out the background and circumstances of this complaint and explained why I wasn't intending to uphold it.

I asked Mrs B and AIB to send me any more information or comments they wanted me to consider, before I gave my final decision.

AIB has said it's got nothing to add to what it's already told us. And Mrs B hasn't sent us any more information by the deadline I'd set.

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 B's case.

I've not been sent any new information to consider. I've reached the same conclusions as in my provisional decision, for the same reasons. So I'm not upholding Mrs B's complaint.

my final decision

For the reasons I've explained, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 19 February 2016.

Chris Langford
ombudsman

Copy of Provisional Decision

complaint

Mrs B complains that AIB Group (UK) Plc (AIB), trading as First Trust Bank, mis-sold payment protection insurance (PPI) to her, with a loan.

background

In 1997 Mrs B took out a personal loan from AIB. She also bought a single premium PPI policy, to meet her repayments if she was off work because of illness or injury, or lost her job. It gave her life cover, too.

Mrs B has raised various issues about how AIB sold the PPI to her. In particular, she says she didn't want or need it, and wasn't told it was optional. And she says its cost and terms weren't explained to her properly.

Our adjudicators thought her complaint should be upheld, as they felt AIB hadn't made it clear enough to Mrs B that the PPI was optional.

But AIB disagreed, so the matter's been passed to me to decide.

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 the sale of PPI on our website, and I've taken this into account in considering Mrs B's case.

I've provisionally decided not to uphold her complaint. I'll explain why.

was Mrs B given a fair choice?

Mrs B's recollection is that she bought the PPI in 2001. But AIB says its records show it was in 1997. And I think that's likely to be right.

Mrs B and AIB agree that the PPI was sold face to face, in a meeting. But I've not been given any notes or records of those discussions. And I've not seen a loan application form, or a loan agreement, which has been filled in or signed by Mrs B.

This isn't too surprising, as it's many years since the sale took place. But it means I don't know what Mrs B was told, or what documents she saw or signed. So I have to decide what I think is most likely to have happened, based on sample documents from around that time, which AIB have sent to us, and on what Mrs B and AIB have been able to tell us about the sales process.

AIB says taking out PPI wasn't a condition of the loan, and wouldn't have influenced whether Mrs B got it. And that it wouldn't have sold her the PPI unless she'd signed to say she wanted it.

And AIB has sent us an example of the type of application form it says Mrs B would've had to sign, as part of its normal sales process at that time, in order to get the loan. I see this includes boxes for ticking 'yes' or 'no' to applying for PPI. It's possible AIB didn't use such a form on this occasion. But I've seen nothing to show me this. So I think it probably did.

So although I've not seen an application form actually signed by Mrs B, I think it's likely she did sign one, with the box ticked to have PPI – whether she filled it in, or the AIB adviser had done it. Even if, after such a long time, she mightn't remember doing that.

And from what AIB has told us about how it did things at that time, I think she probably then signed a loan agreement, of the sort AIB has sent to us and tells us it was using at that time, with the relevant section completed to say PPI 'is required' by her.

In my view, the example forms of application and agreement that AIB have given us make it clear enough that a customer is free to choose whether to have PPI.

I don't know what AIB's adviser told Mrs B in their meeting. AIB says its advisers always told customers that the PPI was optional. It's possible AIB didn't follow its usual sales process this time. But on balance I think it's likely that AIB did, and so will've made it clear to Mrs B that she had a choice whether or not to have PPI.

Mrs B may have thought she had to buy PPI to get the loan, or at least that having PPI would help her get it. But I've seen nothing which clearly shows that AIB said or did anything to lead Mrs B to think that. Or which suggests that she was put under any unreasonable pressure to agree to have it.

So taking into account what AIB has told me about its sales process back then, and the paperwork that had to be completed, I think it's likely AIB did enough to make clear to Mrs B that whether to buy PPI was up to her. And that she then chose to have it.

did AIB give her clear enough information?

AIB says it didn't recommend the PPI to Mrs B. Mrs B doesn't seem to remember either way. Based on the evidence I've got, I haven't seen anything that clearly shows AIB recommended the PPI to Mrs B personally. So on balance, I think it's unlikely AIB did.

This means AIB didn't have to find out about her particular circumstances, to check that the policy would meet her needs. But AIB still had to give Mrs B good enough information about the PPI's cost and main features, so she could decide whether to buy it.

I've focused first on what AIB told Mrs B about the cost of the PPI. I don't know what was said between Mrs B and the AIB adviser in the branch. So I've looked to see what's explained about the cost in the example loan agreement AIB have sent to us, as I think Mrs B probably did sign an agreement of that sort.

That form of agreement makes it clear there'll be a loan to pay the PPI premium, and it would be filled in to show how much that premium would be. It would also set out the amount of interest on that loan and the total amount payable for the PPI. And how much the PPI would cost each month. So I think it's likely Mrs B was told enough to understand the cost.

As for explaining the key features of the PPI, AIB says that as part of its sales process it would've given Mrs B written details of the policy. But I don't know whether AIB actually did that, and if so when. Or whether she had the chance to read these properly, before deciding to have the PPI.

AIB says too that its adviser will have given her some details of the cover during their discussion. And that may well have happened. But without seeing any signed documents or any record of the meeting, I can't be satisfied AIB gave Mrs B good enough information about the main features of the PPI, before she bought it. So it's not clear to me that Mrs B was in a position to make an informed decision about whether to have it.

In particular, I don't know what AIB said to Mrs B, if anything, about cancellation of the PPI policy. If the policy had been cancelled before the end of its term, I can see that Mrs B mightn't have got back as much of her premium as she might've expected. But I've seen nothing to suggest she had in mind

paying off the loan early, at the time she took it out. So even if this had been made clearer, I don't think it would've changed her decision to buy PPI.

my overall views

Based on what I've seen and been told, I think AIB could probably have given Mrs B clearer information about the policy, before she bought it. But I don't think this ultimately made a difference to her decision to take it out.

From what I know of her situation when she bought the PPI, and the likely terms of the policy, Mrs B was probably eligible for it. The potential benefits under the PPI policy were worth more than it cost. And I don't think any of the main things it didn't cover would've put her off having it.

This was a 30 month loan. And Mrs B has told us she wouldn't have got anything more than statutory sick pay from her job. The PPI benefits would've been on top of any sick pay or redundancy payment she got, so that would've been available to meet other day to day expenses. And they could've gone on for longer than her sick pay.

As far as I know, she had no significant savings or other relevant insurance, and no other means of making the loan repayments if she wasn't working. So in my view, the PPI could've been useful for her. And I've not been told anything to show she couldn't afford it.

Taking all of this into account, I think she'd probably still have bought the PPI, even if AIB had given her better information about it. Which means there's nothing AIB needs to do to put things right.

With very little information available, in particular none of the actual documents from the sale, it's been a difficult case to decide. I realise Mrs B will be disappointed by this outcome. And I've thought carefully about everything she and her representatives have said. But based on what I've read and been told, on balance I don't think I can fairly and reasonably say the PPI was mis-sold to her.

I'm told Mrs B has had other loans from AIB too. But this decision is just about the PPI she bought with the loan she got in November 1997.

my provisional decision

For the reasons I've explained, I'm not currently intending to uphold this complaint.

I invite Mrs B and AIB to send me any more information they'd like me to consider before I give my final decision. This should be sent to us by the date I've indicated above.

Chris Langford
ombudsman