

complaint

This complaint is about a payment protection insurance (PPI) policy taken out in October 1999 in connection with a credit card. Mr R says that the seller mis-sold the policy. The sale was carried out by People's Bank. Responsibility for sales by this company has since passed to NewDay Ltd trading as Progressive Credit Limited.

background

The adjudicator concluded that the complaint should be rejected. Mr R did not agree with the adjudicator's view and so the matter 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 the law and good industry practice at the time the policy was sold.

I think the relevant considerations in this case are the same as those set out in our well-established approach to complaints about the sale of PPI, which is published on our website.

The key questions to bear in mind therefore are:

- whether the seller gave Mr R information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about whether to buy the insurance; and
- whether, in giving any advice, the seller took adequate steps to ensure that the product it recommended was suitable for Mr R's needs.

If there were problems with the sale, then I need to decide if Mr R lost out as a result. Where matters are in dispute, I must decide what is more likely to have happened.

In his original complaint forms Mr R stated that the policy was sold over the phone and that advice was given. Progressive Credit has stated that the policy was sold via a postal application which was considered to be a non-advised sales process.

From the evidence I have seen I am satisfied, on balance, that this was a non-advised postal sale. I say this because the application form has Mr R's name and address typed in, but is otherwise completed by hand. I also note that the signature dates for Mr R and the seller are three weeks apart and that the credit commenced shortly after the seller signed, and presumably processed the returned form. As this was a generic postal application, I am also satisfied that the seller did not personally recommend that Mr R take out the PPI policy, nor give any advice.

I have considered next whether Mr R would have understood that the policy was optional. Mr R has stated that he thought he had to have insurance in order to get the credit card. On the application form Mr R completed, he has actively selected PPI by ticking the 'yes' box in the PPI section. There is also a 'no' box. The accompanying wording states,

'I would like to protect my purchases and payments with People's Bank Balance Protection Insurance at a cost of just 69p per £100 outstanding on my monthly statement. I understand that I can cancel this insurance at any time' [my emphases].

To my mind, this language invites rather than requires the consumer to take out the insurance. I am therefore persuaded that Mr R would have known, or ought reasonably to have understood that the policy was optional, and that he elected to purchase it.

As this was a non-advised sale, the seller was required only to provide sufficient information to enable Mr R to make an informed choice. Mr R has indicated that the information provided was inadequate. I cannot say whether all Mr R's information needs were met; and I therefore accept the possibility of a shortcoming on the part of the seller. Nevertheless, I am of the view that, even with clearer and better information, Mr R would still have decided to proceed with the policy. I say this for the following reasons:

- Having reviewed the criteria, I am satisfied that Mr R was eligible for the policy and would not have been affected by any unusual terms of conditions, such as those relating to pre-existing medical conditions or self-employment.
- Mr R has stated that the policy was of no use to him because he had full sick pay from his employer, savings and family support. However, the policy would have paid out in addition to any occupational benefits and other means and also protected against unemployment.
- The cost of the policy was 69p per £100 of the outstanding monthly balance. I understand that, upon a successful claim, the policy would pay out a monthly benefit of 10% of Mr R's outstanding balance for up to 12 months. I have not seen any evidence to suggest that the cost was unaffordable to Mr R.

In light of this evidence, and having already found that Mr R actively chose PPI, I am persuaded on balance that, even with full information, Mr R would most likely still have chosen to purchase the policy.

It follows therefore that I do not think this policy was mis-sold and do not uphold this complaint. I realise Mr R will be disappointed with this outcome, but hope that my reasoning at least explains why I have drawn these conclusions.

my final decision

For the reasons given above, I do not uphold this complaint and I make no award against NewDay Ltd trading as Progressive Credit Limited.

Jo Chilvers
ombudsman