

complaint

Mr M says Everyday Loans Limited (EDL) mis-sold him a payment protection insurance ("PPI") policy. He says EDL pressured him into taking out the policy and he didn't need it.

background

In 2007 during a meeting, Mr M took out a £5,000 loan over 5 years to buy a car. At the same time, EDL sold him a PPI policy to give him life, accident and sickness cover.

The average monthly cost of the policy was £24.18. The policy would've covered Mr M's loan repayments of £199.76 for up to 60 months if he'd made an accident or sickness claim. And would've cleared the outstanding loan balance in the unfortunate event of his death.

Our adjudicator didn't uphold Mr M's complaint. He thought that EDL had made it clear to Mr M that he had a choice about taking out the policy and it was right for him. Mr M disagreed. He says EDL told him that taking out the policy would improve his chances of getting his loan approved.

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 Mr M's complaint.

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

Mr M says EDL told him taking out the policy would improve his chances of being accepted for the loan. And because of this, he felt EDL pressured him into buying the policy. EDL says this wasn't the case and that following a discussion about the policy Mr M chose to take it out. EDL has also given us copies of the paperwork from the time of the sale, which it says made it clear to Mr M that he didn't have to buy the policy.

The loan agreement Mr M signed, has a separate section about PPI. In this section, Mr M could've ticked one of two boxes – one to say he wanted PPI or the other to say he didn't. I can see that the box next to the words: *'I/We wish to purchase Repayment Protection Insurance'* has been ticked to say he wanted to buy it. Underneath the two boxes, it also says *'this insurance is optional'*. And Mr M has signed the loan agreement to show he wanted to take out the policy.

This section also confirmed the level of cover Mr M was buying – which was: *'Life, Accident, and Sickness'* cover. He was also given a *'Schedule of Insurance'* for the PPI that confirmed the same - and a *'Statement of Price'* document, which set out the cost of the policy separately to the finance. The statement of price also says *'The Repayment Protection Insurance is optional and is not a condition of your loan...'*

I've also looked at a copy of Mr M's demands and needs form which EDL has given us. I can see that EDL asked him some questions about his circumstances and needs. And it shows details of his sick pay, health and that he decided he didn't want to take out unemployment

cover because he felt secure in his job. Based on those questions EDL made a recommendation to him. He's also signed the form to confirm its content.

From looking at this document, it's clear that a discussion took place with Mr M about the policy and that EDL gave Mr M a choice about what cover to buy. I also think it's likely he chose to buy the policy because he thought it might be useful to him at the time. I haven't seen anything to make me think EDL put pressure on Mr M to buy it.

EDL says it advised Mr M to buy the policy. This means it had to take reasonable steps to make sure the policy was right for his needs. Based on what he's told us about his circumstances at the time, I think it was. I say this because:

- Mr M was working and in good health so he wasn't caught by any of the exclusions or limitations of the cover and could've benefitted from the policy's full cover if he'd needed to.
- The average monthly cost of the policy was £24.18 and if Mr M claimed on the policy, it would've covered his monthly loan payments of £199.76 for the full term of the loan if he was too sick to work or if he had an accident. And it would've cleared the loan if he died. So I think Mr M would've found the potential benefits useful. And I haven't seen anything to suggest he couldn't afford it at the time.
- Mr M has told us he didn't need the policy because he would've got some sick pay if he couldn't work. And I've taken this into account. But the policy would've paid out for a lot longer than his sick pay would last. And it would've been paid on top of any sick pay he did get. This means he could've used his sick pay for other expenses rather than paying for his loan. So I don't think this meant he didn't have a need for the policy.

EDL also had to give Mr M enough information about the PPI so he could decide whether to buy it. I think EDL could've made the information about what the policy cost clearer. In particular, it could've explained the way the PPI was paid for meant it cost more at the start than towards the end of each loan period. So Mr M would pay more interest on his overall loan.

But the 'missing' cost information was only a small amount in each case. So I don't think having slightly better information about the cost of the policy would've changed Mr M's mind about buying the PPI. And I've not seen any evidence to suggest he couldn't afford the insurance.

I can't be sure EDL told Mr M about all the main things the policy didn't cover. But Mr M was able to apply for policy and I can't see that he was likely to be affected by any of those things. So I don't think better information about this would've mattered to him.

I also don't think Mr M would be in a different position now, if EDL had properly explained the cost and benefits to him. For the reasons I've explained above, I think the policy was right for him and it offered potentially useful protection. So I don't think better or clearer information would have stopped him from buying it. This means Mr M hasn't lost out as a result of anything EDL did wrong, so there's nothing it needs to do to put things right.

my final decision

For the reasons above, I don't uphold Mr M's complaint and make no award against Everyday Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2016.

Sharon Kerrison
ombudsman