

## **complaint**

Mrs O has complained that she was mis-sold payment protection insurance ("PPI") when she took out a loan through Donnelly Bros Garages (Dungannon) Ltd ("Donnelly").

## **background**

Mrs O took out a hire purchase agreement in a meeting with Donnelly in 2005 in order to buy a car. Donnelly also sold Mrs O a PPI policy. The policy was supposed to cover Mrs O in the event that she was unable to work due to sickness, accident or unemployment. At the time Mrs O worked for less than 16 hours a week.

Our adjudicator has assessed the complaint and given the view that it should be upheld. Donnelly has not agreed with this view so the complaint has been passed to me to make a final decision.

## **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 Ms O's case.

I am upholding this complaint for the following reason.

This was an information only sale. So Donnelly had to provide Mrs O with enough information that was clear and fair and allowed her to make an informed choice whether to buy the PPI policy. The eligibility criteria required Mrs O to have been working for at least 16 hours per week. Mrs O has told us that she was working for less than 16 hours a week at the time the PPI policy was sold to her. Donnelly has told us that Mrs O would have seen on the face of the PPI application form that she had to work at least 16 hours to be eligible for the PPI and therefore the PPI policy was not mis-sold.

Having reviewed the PPI application form, I can see that the section to select the PPI and the relevant monthly premium is clearly set out in a table and below this Mrs O signed to buy the policy. The information telling Mrs O that she had to work more than 16 hours to be eligible is below the place where she signed in a block of small printed text. I don't think that the eligibility criteria were made very clear.

It was Donnelly's responsibility to make sure that Mrs O was given clear enough information to ensure she could make an informed choice to buy the PPI policy. As Mrs O went ahead and bought the PPI policy, although she was not eligible to make a claim, I must assume that this explanation wasn't given clearly enough for Mrs O to realise that she was ineligible. Had Mrs O been made properly aware that she was ineligible to claim, she wouldn't have bought the PPI policy. Therefore, I think that this PPI policy was mis-sold and Donnelly should put things right.

## **what the business should do to put things right**

Donnelly should put Mrs O in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and Donnelly should:

- Pay Mrs O the amount she paid each month for the PPI

- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mrs O made a successful claim under the PPI policy, Donnelly can take off what she got for the claim from the amount it owes her.

† HM Revenue & Customs requires Donnelly to take off tax from this interest. Donnelly must give Mrs O a certificate showing how much tax it's taken off if she asks for one.

### **my final decision**

I uphold this complaint and direct Donnelly Bros Garages (Dungannon) Ltd to pay compensation to Mrs O as set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs O to accept or reject my decision before 10 July 2015.

Rebecca Haigh  
**ombudsman**