

complaint

This complaint concerns a single premium payment protection insurance (PPI) policy taken out in conjunction with a hire purchase agreement in 2007. Mrs R complains that the PPI was mis-sold by John Carr Motorcycles Ltd (John Carr).

my findings

I have included only a brief summary of the complaint above, but I have considered all of the available evidence and arguments in order to decide what is fair and reasonable in the circumstances. I have also taken into account relevant regulations, the law and good industry practice at the time the policy was sold.

It seems to me that the relevant considerations in this case are materially the same as those set out in the section of our website explaining how we deal with PPI complaints.

The overarching questions I need to consider are whether John Carr gave Mrs R information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the PPI she was buying and, whether in giving advice or recommendation, John Carr took adequate steps to ensure that the product was suitable for Mrs R's needs.

If there were shortcomings in the way the policy was sold, I will consider whether they affected Mrs R's position and whether she would have acted differently if there had not been any shortcomings.

Mrs R took out the PPI during a meeting. She has said that she wasn't told that the policy was optional, was pressured into buying it, and led to believe that it was a condition of getting the credit approved.

Obviously it's not possible to know what was said during the meeting and how the PPI was presented. So I've looked at the available evidence to try and determine whether Mrs R would have known that she had a choice about buying PPI.

Mrs R has signed separately on the credit agreement to confirm that she wished to purchase PPI.

John Carr went through a Demands & Needs Questionnaire with Mrs R which resulted in it recommending the PPI policy to her. She has also signed this form to confirm that she wished to purchase the recommended cover.

Mrs R was also offered a number of other insurance products, which she declined. This suggests to me that she understood the optional nature of the insurance, including the PPI.

I have considered what Mrs R has said very carefully but I do not consider that I have sufficient evidence to make a finding that she wasn't given a choice about taking out PPI. Of course I cannot be certain what Mrs R was told, but from the evidence available, I find it just as likely that she decided to purchase PPI, knowing that she had a choice about doing so.

This was an advised sale. This means that in recommending the PPI to Mrs R, John Carr had to ensure that it was suitable for her particular circumstances. I think that the policy was suitable and I say this because:

- Mrs R was eligible for the policy and would not have been caught by any of the significant limitations, for example she did not have a pre-existing medical condition that would have been excluded. So she could have benefited from the policy if the need had arisen.
- Mrs R would have received some benefits from her employer in the event that she couldn't work due to accident or sickness. She has also said that she could ask her husband or relatives for help in making her loan repayments. However, I do not think that these arguments in themselves made the policy inappropriate. The policy would have paid out in addition to any existing cover and potentially for a longer period than Mrs R would have received full pay for. It would also have reduced her reliance on family members.
- I have considered that Mrs R might have wanted a cost effective PPI arrangement. In my view, the policy could have provided someone in Mrs R's circumstances with valuable cover at a cost that was affordable to her. Mrs R was taking on a new financial commitment, and in my view, it would not have been unsuitable advice for John Carr to recommend that she protect her repayments.

It follows that I am satisfied that the policy was a suitable recommendation for Mrs R.

As well as ensuring that the policy was suitable, John Carr also needed to provide Mrs R with sufficient information for her to make an informed choice about whether or not she wanted to buy PPI.

A breakdown of the PPI costs is provided on the loan agreement, so in my view I think that Mrs R would have had an understanding of the costs involved.

It's not possible to know what was discussed during the meeting and of course it is possible that some information about the PPI policy was not presented as clearly as it could have been.

But whilst I accept it is possible there may have been shortcomings in the way the policy was sold, I am not persuaded that Mrs R has been disadvantaged as a result. It seems to me that she appears to have chosen to take out the insurance, had a need for it, and could have benefitted from the cover provided. I am not persuaded that the policy was unsuitable or that Mrs R would have acted differently and declined the policy had she been better informed.

It follows that I am not persuaded that the policy was mis-sold.

my final decision

For the reasons set out above, my final decision is that I do not uphold this complaint and make no award against John Carr Motorcycles Ltd.

Carole Clark
ombudsman