

complaint

Mr G1 and the late Mr G2 complained that they were mis-sold a payment protection insurance (PPI) policy, when they bought a motorcycle. The PPI was sold by ESB Motorcycles ('ESB'). The finance and insurance were provided by another company.

background

Mr G1 and Mr G2 bought a motorcycle in December 2005 through a fixed sum loan agreement. At the same time ESB sold a single premium PPI policy, to cover the repayments if Mr G1 couldn't work because of accident or sickness, or if he lost his job. The PPI and the loan repayments covered the same time period. As the policy covered Mr G1 only I'll mainly refer to him.

They complained to ESB and it didn't uphold their complaint, so their complaint has come to this service. Our adjudicator felt their complaint shouldn't be upheld. So it's come to me to decide.

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 this case.

There is paperwork from the sale but Mr G1 and ESB don't agree on what happened. So I have to decide what's most likely to have happened, based on the paperwork and what Mr G1 and ESB have said.

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

- I've considered this PPI policy's rules about eligibility for PPI and I think Mr G1 was eligible to have the policy when they bought it.
- Mr G1 has said they didn't know they had an option to take or not take the PPI. I also note that Mr G1's description of the events when the PPI isn't very detailed. I can see the fixed sum loan agreement they signed required the PPI to be ticked for and have a separate signature to get the PPI-separate from where to sign to get the finance. The box is ticked and the PPI has been separately signed for. On balance, I'm satisfied Mr G1 chose to take the PPI knowing he didn't have to.
- ESB recommended the PPI so it had to give clear and fair information about the cost and main features of the PPI policy, so they could take an informed decision about whether to have it. It also had to ensure it took adequate steps to ensure the suitability of its recommendation. Having considered Mr G1's comments I think he had limited means to make repayments in the event of not working and hence had a need for cover-so I think it was suitable to recommend PPI to him in the circumstances.
- I can see on the agreement the single premium cost, interest and total cost of the PPI were all described. So I think they knew how much the PPI cost when they chose to have it.

- They would've received a limited refund of the PPI premium if they cancelled the policy early. I don't know if ESB thought about this when it recommended the policy or explained the situation clearly. But I've seen nothing from the time to suggest they thought they would repay the loan early at the time of taking it. So I don't think this issue made the policy unsuitable or better information about this would've stopped them buying it at that time.
- It is possible that ESB didn't point out the main things the policy didn't cover. But its unlikely Mr G1 would've been affected by any of these from what I can see of his circumstances at the time.
- I've thought about the issue that both Mr G1 and Mr G2 were liable for the loan but only Mr G1 was covered. It seems likely that PPI wasn't recommended to Mr G2 for some reason which isn't clear. I think it likely that covering both Mr G1 and Mr G2 would have cost more. And I'm not persuaded that Mr G2 lost out by not being sold PPI either. So I don't think this makes a difference to my overall decision.

For the reasons given I'm satisfied that they did choose to take this PPI policy and that any failings in information provided wouldn't have made a difference in the circumstances. All in all I consider the recommendation of PPI suitable for Mr G1's circumstances at the point of sale.

So this complaint doesn't succeed. I appreciate that this decision will be a disappointment for Mr G1.

my final decision

For the reasons I've explained, I'm not upholding Mr G1's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G1 to accept or reject my decision before 22 July 2016.

Rod Glyn-Thomas
ombudsman