

complaint

Miss H says that Rider Motorcycles Limited (RML) mis-sold her a single premium payment protection insurance (PPI) policy.

background

Miss H was sold the PPI by RML with a loan in 2008.

Our adjudicator upheld Miss H's complaint but RML disagreed with this. So, the complaint comes 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 Miss H's complaint.

Miss H told us she took the loan during a meeting at RML's premises but said there was also a telephone call in which PPI was discussed. RML haven't said how the PPI was sold. But their representative told us there's no evidence that the PPI was sold by phone.

I've seen the loan agreement which includes the PPI costs on it. And from what the parties have said, it's likely this loan agreement was dealt with during the meeting. So taking everything into account and because the PPI was actually sold with the loan, I think it's likely the PPI was sold during a meeting at RML's premises.

RML had to make it clear to Miss H that the PPI was optional. Miss H told us she felt she had to take PPI to get the loan. She hasn't been able to give us much detail about this. But I think that's understandable as the sale took place some years ago.

RML haven't been able to give us any information that clearly shows what was said or given to Miss H during the meeting to make clear the PPI was optional. And they haven't sent us any information (like a PPI application form or a 'demands and needs' statement) that might show how they explained/sold the PPI to Miss H.

I've seen a copy of the loan agreement that was signed by Miss H. In the loan costs section there's a line which says:

"Cash Price of Payment Protection Plan (optional)".

This might've suggested the PPI was optional. But it's one line in an entire document. And the writing is in small text and not highlighted in anyway, so I don't think it would've come to Miss H's attention. The agreement also has a separate, boxed section headed:

"PAYMENT PROTECTION PLAN

TYPE: GOLD"

that sets out the PPI costs. I think the use of boxing, capital letters and wide line spacing would've made it stand out to Miss H. So if she had been looking for information about the PPI, I think it's just this section that would've come to her attention. But nothing in that section suggests the PPI is optional. Also, there's nothing else in the agreement that lets

Miss H select to take or decline the PPI, like tick boxes or a separate signature box for the PPI itself. And because the PPI was sold in a meeting, I think Miss H would've concentrated more on what she was told, rather than on any form she was given to sign.

So taking everything into account, I don't think RML did make it clear to Miss H that the PPI was optional and I uphold Miss H's complaint.

what RML should do to put things right

Miss H borrowed extra to pay for the PPI, so her loan was bigger than it should've been. She paid more than she should've each month and it cost her more to repay the loan than it would've. So Miss H needs to get back the extra she's paid.

So, RML should:

- Work out and pay Miss H the difference between what she paid each month on the loan and what she would've paid without PPI.
- Work out and pay Miss H the difference between what it cost to pay off the loan and what it would've cost to pay off the loan without PPI.
- Add simple interest to the extra amount Miss H paid from when she paid it until she gets it back. The rate of interest is 8% a year[†].
- If Miss H made a successful claim under the PPI policy, RML can take off what she got for the claim from the amount they owe her.

[†] HM Revenue & Customs requires RML to take off tax from this interest. RML must give Miss H a certificate showing how much tax they've taken off if she asks for one.

my final decision

For the reasons I've explained above I uphold Miss H's complaint.

Rider Motorcycles Limited must pay Miss H the compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss H to accept or reject my decision before 28 August 2015.

Julian Cridge
ombudsman