

complaint

Mr L says C M C Chesterfield Limited ("CMC") mis-sold him a payment protection insurance ("PPI") policy.

background

This complaint is about PPI policy taken out in April 2005 alongside a hire purchase agreement to buy a motorcycle. It was a single premium policy and the cost of which was added to the loan.

Our adjudicator upheld the complaint. CMC refused to engage with the adjudicator's opinion so the complaint has been passed to me.

my findings

I have 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 L's case.

There is a copy of the credit agreement from the sale but Mr L and CMC 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 L and CMC have said. In other words I have to decide on the balance of probabilities.

I have decided to uphold Mr L's complaint because:

- Mr L has described the sale of both the finance for the motorcycle and the PPI. He has said about the PPI "*it was never discussed before during or after the signing of the loan.*" He's also said about the PPI "*it was attached to the loan agreement which I took as part and parcel of the loan, it was never offered as an added extra. I had no idea it was optional and was never informed of any benefits it may or may not offer me.*" He says he feels the PPI was "*imposed on me*".
- As Mr L was present at the sale and what he says is consistent I find it persuasive.
- CMC has been in contact with this service with regard to this case. So I'm satisfied that it is aware of this process and this complaint (as it should). For reasons unknown it has chosen not to engage with this process. However it is clear it did sell the PPI to Mr L and is aware of this service's involvement. Why it has decided to not put its case forward is unclear.
- As Mr L has said that he had no real choice in taking the PPI and CMC was (and is) obliged to sell the PPI fairly and has put forward no arguments to show it did so, on balance I find that this PPI was unfairly sold to Mr L.
- Lastly I think finality in such cases is important for both parties and indeed fairness generally. I think CMC has been given plenty of opportunity to engage and has chosen not to do so. I see no persuasive reason why it should be given more time having already been given a number of months to respond substantively to the complaint. And I think it unfair on Mr L not to have an answer on his complaint purely because CMC chose to not engage with this service. So I think it fair to move to a final decision at this time.

I think Mr L has lost out as a result of CMC's failings in this case and as such Mr L should be put into the position he would have been in had the PPI not been sold. All in all and as a consequence of all of this, Mr L's complaint is upheld.

What the business needs to do to put things right

Mr L borrowed extra to pay for the PPI, so his loan was bigger than it should've been and he paid more than he should've each month. So Mr L needs to get back the extra he's paid.

So, CMC should:

- Work out and pay Mr L the difference between what he paid each month on the loan and what he would've paid each month without PPI.
- Add simple interest to the extra amount Mr L paid each month from when he paid it until he gets it back. The rate of interest is 8% a year[†].

If Mr L made a successful claim under the PPI policy, CMC can take off what he got for the claim from the amount it owes his.

[†] HM Revenue & Customs requires CMC to take off tax from this interest. CMC must give Mr L a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons set out above, I uphold Mr L's complaint. I require CMC Chesterfield Limited to pay Mr L compensation in accordance with the calculation set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to let me know whether he accepts or rejects my decision before 9 April 2018.

Rod Glyn-Thomas
ombudsman