

## **complaint**

Mr L is complaining that he was mis-sold a payment protection insurance (PPI) policy by Corkills Volkswagen Limited in 2010. ITC Compliance Limited (ITC) is now taking responsibility for the PPI sale. I will refer to them throughout my decision.

## **background**

Mr L bought the insurance in a meeting when he took out a hire purchase agreement to buy a car. It was a regular premium policy which cost £42.45 a month over a period of 60 months. The insurance would have protected Mr L's payments on the car finance in the event of accident or sickness, or if he lost his job, for up to 12 months per claim. It also provided life and critical illness cover.

Our adjudicator upheld the complaint. He said that ITC recommended the policy to Mr L, but it wasn't suitable for him, because the policy didn't meet his needs. ITC disagrees. So the case has come to me for a decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is 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.

I've decided to uphold Mr L's complaint.

ITC sold Mr L the insurance during a meeting. There is no dispute that ITC recommended the policy to him. This means ITC needed to make sure it was suitable for him. But I don't think it was.

Mr L has told us that he suffered an injury which led to multiple operations – both minor and major - about two years before he bought the policy. The condition had led him to lose his job and he then underwent further extensive surgery and rehabilitation. He didn't work for several months because of this. He's told us that he had to change his job because of the way the injury affected him.

The policy document includes an exclusion which says:

*'We will not pay disability benefit if your disability results from or as a consequence of .... a condition ... which you knew about (or ought reasonably to have known about) at the start date'*

This means that Mr L wouldn't have been able to claim for his medical condition.

ITC have provided a 'Demands and Needs' report to show that they did assess his suitability to the policy. There is a question which says:

*'to the best of their knowledge is the customer free from any pre-existing conditions that may make them ineligible to benefit from any Life, Accident or Sickness cover?'*

and the 'yes' box is ticked.

But I think this question is long-winded and it assumes the customer will know what conditions might make him 'ineligible' for the cover. The form has been filled in with computer-generated ticks, so Mr L didn't actually complete it himself, even if ITC ran through the questions with him at the meeting. And Mr L hasn't signed this part of the form.

This is where ITC should have made sure it asked the right questions and then found out about Mr L's medical condition. I think it's most likely that ITC didn't explain the question to Mr L properly, because of the way it's been answered. If they had done I think he would've told ITC about his condition.

So I don't think ITC asked the right questions to make sure the PPI was suitable for Mr L. I think the medical exclusion would've mattered to him. From what he's told us, I think his surgery and its consequences were at the forefront of his mind when he bought the policy. So I think it was important to him that he would be covered if his injury stopped him working again.

I don't think Mr L would've bought the PPI if ITC had pointed out that it wasn't suitable for him because of his medical condition. So I think Mr L has lost out because of what ITC did wrong. And ITC needs to put things right.

Mr L has also said that he had new employment at the time. He told ITC that he had been in his job for just 2 months when he bought the policy. The policy says that to claim unemployment benefit: '*you must have been in work for at least 12 months prior to your employment ending*'. This means that Mr L wouldn't have been able to claim if he lost his job in the first ten months of the policy. This is something else that ITC should've taken into account when deciding whether to recommend the policy or not. But I am not going to make a finding on whether they did so or not, as I'm upholding the complaint for the other reasons I have given.

### **putting things right**

ITC Compliance Limited should put Mr L in the position he'd be in now if he hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and ITC should:

- Pay Mr L the amount he paid each month for the PPI
- Add simple interest to each payment 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, ITC can take off what he got for the claim from the amount it owes him.

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

### **my final decision**

My final decision is that I am upholding this complaint.

ITC Compliance Limited is required to pay the compensation set out above

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

Barbara Wight  
**ombudsman**