

## **complaint**

Mr M complains that he was mis-sold a payment protection insurance (PPI) policy by FH Warr & Sons Ltd (FH Warr) when he took out a loan to buy a motorcycle.

## **background**

Mr M attended the showroom of FH Warr to buy a motorcycle. He spoke with a sales advisor and through them arranged for a loan to cover the cost of the purchase. At the same time he was also sold a payment protection insurance (PPI) policy. Both the loan and the PPI policy would be paid over 60 months.

The policy sold was a single premium, which means that it was added to the cost of the loan as a lump sum and attracted interest payments as it was repaid. In the event of a successful claim the policy would pay the monthly repayment due on the loan for up to 36 months if Mr M was unable to work due to accident or sickness, and up to 12 months (with requalification periods) if he was made redundant. It would also pay the outstanding balance of the loan in the event of his death.

Mr M complains that he was mis-sold the policy.

The adjudicator didn't uphold the complaint.

Mr M didn't agree and so the matter has been referred to me for a final 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 M's case.

I have considered the policy documents in relation to the policy sold to Mr M and I think, based on what he has told us about his circumstances at the time, he was eligible for the policy at the time of the sale.

Mr M has told us that it was not made clear that he had a choice about whether to take the PPI policy and that he was put under pressure to take it. FH Warr say that they didn't put him under pressure, and that Mr M was told that the loan had been approved before he made a final decision about whether to take the PPI policy, so he would have known that the loan was not dependant on him taking PPI.

I have taken into account what has been said by both parties, and I have considered the content of the credit agreement and the sample demands and needs form. And for the reasons outlined below I think that the business did enough to make Mr M aware that he had a choice about whether to take the PPI policy.

- a) On the credit agreement where the cost of the PPI premium is set out it, the product is marked as 'optional'.

- b) Mr M has ticked a box within the credit agreement which states, '*I wish to purchase the following: payment protection*'. He has then signed separately underneath this statement. I think that this shows that Mr M was told that the PPI policy was separate to the loan, and not a mandatory part of the agreement.
- c) I have looked at the demands and needs form and think that Mr M would have been asked to sign one of three boxes to indicate whether he was purchasing PPI. One of the boxes he could have signed was to say that he had decided not to take the cover.
- d) I think that FH Warr offered Mr M three levels of cover- gold, silver and bronze. And we know that Mr M selected the gold cover, which is the most extensive and expensive policy. So I think that if Mr M had thought that he *had* to take the insurance, but that he didn't need it, then he would be likely to have selected the lowest level of cover rather than the most comprehensive. And I think that it's likely that he selected the higher level of cover because he thought it would be of benefit to him.

The sale of PPI by FH Warr took place in their showroom, following the completion of a 'demands and needs' statement. It has been agreed between the parties that FH Warr gave Mr M a direct recommendation that the PPI policy was suitable for him. And so they had to take reasonable steps to ensure that the product was right for Mr M.

I have looked at what Mr M has told us about his circumstances at the point of sale, and considered whether there is anything that would have made it more difficult for him to make a claim. I note that there is nothing about Mr M's employment at the time he took the policy which would have made claiming more difficult.

I do have some concerns about whether Mr M had a pre-existing medical condition at the time of the sale as he has told us that he had previously had some time off of work due to a minor injury. And that when he had further problems causing him to be absent from work his claim was refused on the basis of a pre-existing medical condition.

But we have asked Mr M about that condition, and he told us that he couldn't remember whether the advisor asked him about pre-existing medical conditions during the sale. And that even if he had been asked, he wouldn't have mentioned it anyway, as he wouldn't have thought it was relevant. So I can't fairly say that the sales advisor shouldn't have recommended the policy to him, as I don't think, based on what Mr M has told us, he would have known about Mr M's condition at the time of the sale.

I have considered whether Mr M could afford the additional cost of the policy, and have seen nothing to suggest that he could not. I have also thought about whether he had a need for flexibility, so whether it was likely that he would have paid off the loan early, or refinanced the loan before the end of the term. And I don't think that he would have thought that he would do so at the time he decided to buy the policy.

I can see that the cost of the policy, and the interest that would be charged over the term of the loan was set out in the credit agreement. And so I think that Mr M would have been aware of the total cost at the time of the sale. It may be that the monthly cost of the policy could have been set out more clearly, but I don't think that this would have made any real difference to Mr M's decision. This is because I can see that at the time he took out the loan and PPI he had no savings or other insurance, and would have received less than three months sick pay in the event that he was unable to work due to accident or sickness. And so

I think that Mr M would have thought that the policy would have been of benefit to him if he was unable to work and could not meet his repayments.

I therefore do not uphold this complaint.

Finally, I note that Mr M has complained during correspondence with us about the way that claims he made under the policy were treated by the insurance company. Mr M has not asked us to look at this complaint, and at present he has not made a complaint about the insurers, and so I cannot consider this in any more detail during this decision.

**my final decision**

I am not upholding this complaint for the reasons I have given above. FH Warr & Sons Ltd do not need to do anything.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 8 June 2015.

Sarah Partridge-Smith  
**ombudsman**