

complaint

This complaint concerns the sale of a regular single premium payment protection insurance (PPI) policy. Mr V complains that he was mis-sold the insurance by Lamba Motorcycles Ltd (Lamba).

background

Mr V purchased the PPI policy in connection with a loan in 2007.

The adjudicator did not conclude that Lamba had mis-sold the insurance policy and did not uphold Mr V's complaint. Mr V does not agree with our adjudicator's view, 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. I have also taken account of the relevant regulatory rules and guidance as well as the law and good industry practice at the time the PPI policy was sold.

The relevant considerations in this case are materially the same as those set out in our well established general approach to complaints about the sale of PPI which is published on our website. The key questions I need to consider therefore are:

- Whether in giving any advice or recommendation Lamba took adequate steps to ensure that the product it recommended was suitable for Mr V's needs.
- Whether Lamba gave Mr V information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about the insurance he was buying.

If there were shortcomings in the way in which Lamba sold the policy, I then need to consider whether Mr V is worse off as a result; that is, would he have done something different – eg: not taken out the policy - if there had been no shortcomings in this case.

basis of sale

The sale of the insurance took place at a meeting. Mr V has said that he did not receive advice or a recommendation from Lamba. Lamba has said that they gave advice to Mr V. As an advised sale places a greater responsibility on the seller I have accepted Lamba's testimony and have considered whether the insurance was a suitable recommendation for Mr V.

was the optional nature of the insurance made clear?

In his complaint Mr V has said that he was not told that the insurance was included in the loan agreement. I have examined a copy of the loan agreement provided by Lamba. There is a separate section on the loan agreement to purchase the insurance. A box has been ticked to select the insurance and Mr V has acknowledged the purchase of the insurance with his signature.

I am not persuaded that Mr V has a sufficiently vivid recollection of the sale for me to be persuaded that the insurance was not discussed with him. I consider it likely that (understandably) due to the amount of time which has passed since the insurance was purchased, that Mr V has simply forgotten that he selected the insurance. I further take the view that (although not explicitly stated) by requiring active selection the optional nature of the insurance was clear.

was the product suitable?

On balance, I cannot safely say that the policy was unsuitable for Mr V. Mr V met the eligibility criteria and I cannot see that he was caught by any of the policy exclusions, for example pre-existing medical conditions. Mr V did have some employer benefits. But he had no other means or insurance in place to cover the cost of his loan in the event of accident, unemployment or sickness. The insurance covered Mr V for up to 12 months for unemployment and up to 24 months for accident or sickness. The policy covered the term of the loan and would pay out in addition to Mr V's work benefits allowing him to use those for other everyday expenses.

The cancellation terms did not offer a proportionate refund in the event of early cancellation but I have seen nothing in Mr V's circumstances to indicate that flexibility to cancel the arrangement early would have been particularly important to him. Overall it seems to me that the policy was (on balance) a suitable recommendation to meet Mr V's needs.

was clear information provided?

Mr V has said that he was not shown any paperwork for the insurance. But Mr V has signed the loan agreement so he must have seen this. I have examined the loan agreement carefully. Under 'key financial information' I can see that the amount of the loan and the total amount payable and the monthly payments are shown. In the section headed 'other financial information' the separate amounts for the loan and the insurance are shown and the total amount of the charges. In another box headed 'payment protection plan' the interest payable on the insurance is shown along with the total cost of the insurance.

Whilst I cannot know what verbal explanation of the insurance was given to Mr V, I am satisfied that the information provided on the loan agreement was sufficiently clear to give Mr V an awareness of the costs and assess the affordability of the insurance, before he took the decision to purchase the insurance policy.

Lamba has supplied copies of the policy summary and policy document which detail the benefits and limitations of the policy. I cannot say for certain that Mr V saw these documents. But equally I cannot say that he did not. But even if Mr V did not get proper information about the policy's features, this makes no difference to my decision because there is nothing about the policy that looks like it would have deterred him from taking it out; given that I'm satisfied he did want the benefit provided by the policy.

Mr V did not require flexibility and he would not have been caught by any of the policy's significant exclusions, so it seems unlikely he would have needed better information about these features before making his decision to accept the adviser's recommendation. Essentially, the policy broadly provided what he seems to have wanted and probably expected.

my final decision

For the reasons given above I do not uphold Mr V's complaint or make any award against Lamba Motorcycles Ltd.

Paul Bishop
ombudsman