

complaint

Mr H has complained that CMC Chesterfield Limited mis-sold him a payment protection insurance (PPI) policy when he took out a loan to buy a motorbike.

background

I have attached my provisional decision from February 2019, which forms part of this final decision. In my provisional decision I set out why I wasn't thinking of upholding Mr H's complaint. I invited both parties to provide any further submissions they may wish to make before I reached a final decision. Mr H made some additional comments which I will address below.

my findings

I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr H has said that he doesn't understand why, when he first complained to the business, a member of staff at CMC Chesterfield emailed him agreeing to pay back the policy premiums.

As part of my original consideration of the complaint, I had seen the email sent by CMC Chesterfield to Mr H on 30 January 2018. The author of the email says:

'I propose to ask, in the light of the previous claim being accepted, if the £198.60 is refunded to you in full and final settlement (subject to your approval) bringing this claim to a close without the need to investigate why you signed for ppi when you say you did not know you were having it. Although I can ask for this request it does not mean it would be accepted however this may be a way to finally resolve your claim quickly.'

It seems clear to me that a) there had been no proper investigation of the complaint at that point and b) the member of staff that wrote the email was not authorised to make a decision about providing a refund and he was only saying that he would ask about it. Contrary to what Mr H has said, I don't consider that this email constitutes an offer to refund the premiums.

Mr H has also said that his wife was working and, as they had cover for their mortgage, there was no need for the PPI policy on his motorcycle loan. But if Mr H had been unable to work then his wife's income would have had to cover all of the remaining household outgoings. So I think the policy could have provided a useful benefit at what would have been a difficult time. Besides, other people can't always be relied upon as their circumstances can change.

I've thought about the additional comments Mr H has made, but they haven't caused me to change my mind. Therefore I see no reason to depart from the conclusions set out in my provisional decision.

It follows that I do not uphold Mr H's complaint.

my final decision

My decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 April 2019.

Carole Clark
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr H has complained that CMC Chesterfield Limited mis-sold him a payment protection insurance (PPI) policy when he took out a loan to buy a motorbike.

background

Mr H arranged the loan and took out the PPI in 2005 during a meeting at the dealership.

Our adjudicator upheld the complaint. CMC Chesterfield disagrees with the adjudicator's opinion and so the complaint has been passed to me for a decision.

my provisional 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 this case.

I've currently decided not to uphold Mr H's complaint and I'll explain why.

Mr H says he didn't realise that PPI had been added to the loan, so he feels it was added without his knowledge or consent. I've looked at the credit agreement that was signed by Mr H on 19 February 2005. There is a section headed '*PAYMENT PROTECTION PLAN*' which includes the following wording:

'This recommended insurance is optional. The word entered bellowed marked with an arrowhead indicates the Type of Payment Protection Plan you have selected or that you do not require cover.....Type required (if none required, enter NONE'.

The adjacent box has the word 'GOLD' typed in it as the level of cover that has been selected. It seems to me that there was probably some discussion about the PPI that resulted in that particular level of cover being chosen. The layout and wording of the form suggests that the optional nature of the policy would have been made clear.

The sale happened a long time ago and it would not be surprising if Mr H's recollection of events has faded. I've thought about what Mr H has said, but based on the available evidence, I think it is more likely that Mr H decided to buy the policy, knowing that he didn't have to, even if he no longer remembers doing so.

CMC Chesterfield advised Mr H to take out the PPI. Therefore, in recommending the policy to him, it needed to ensure that it met his needs. And from what I know of Mr H's circumstances at the time, I think the policy was suitable.

Mr H has told us that he would have received at least three months' sick pay from his job. But the policy would have paid out in addition to this and potentially for longer than he would have received full pay for. And Mr H hasn't mentioned any other means, such as savings, that he could fall back on. He's said he had a Payment Shield policy – but that is insurance that covers mortgage repayments, so would not have covered his loan repayments.

Our adjudicator upheld the complaint on the basis that Mr H had a pre-existing medical condition and pre-existing conditions aren't covered by the policy. This is where my view differs. Mr H has a medical condition that was diagnosed in the early 1990s. But Mr H has explained that, although it's a lifelong condition that causes him difficulties, it hasn't resulted in him having any long term absences from work. By the time of the sale in 2005, Mr H would have been well aware of how his condition affected him.

The policy provided cover if someone was unable to work for a period of 30 days or more. So it seems unlikely that Mr H would have ever needed to make a claim as a result of his condition. So I don't think his condition made the policy unsuitable. Overall I think that Mr H had a need for the policy and could have benefitted from it.

CMC Chesterfield also needed to provide enough information about the policy for Mr H to make an informed decision about whether or not the PPI was right for him. I can see that the credit agreement shows the cost of the policy, including the cost of the premium, the interest amount and then the total cost. So I think Mr H would have known what he was paying for the PPI.

I don't know what was discussed at the meeting, so it's possible that CMC Chesterfield didn't provide as much information as it should have about the policy, particularly about the things it didn't cover. But, for the reasons I've explained, Mr H wasn't affected by any of these things. As I think he had an interest in the policy and decided to buy it, I don't think that further information would have caused him to change his mind.

my provisional decision

My provisional decision is that I do not uphold Mr H's complaint and do not require C M C Chesterfield Limited to pay compensation.

Carole Clark
ombudsman