

complaint

Mr L's complaint is that Frasers of Gloucester Limited ("Frasers") mis-sold him a single premium payment protection insurance ("PPI") policy.

background

In 2005, Mr L went to Frasers to buy a motorcycle. He also applied for a loan in order to buy it. He has complained to us that that when he applied for the loan, he was mis-sold PPI.

Mr L's complaint was considered by one of our adjudicators. She thought that his complaint should be upheld. Frasers disagreed with the adjudicator's assessment and provided further documentation from the time of the sale, namely the demands and needs statement. The complaint was then reconsidered by another of our adjudicators. In light of the further evidence, she thought that the complaint should not be upheld. She thought that the policy hadn't been mis-sold.

Mr L didn't agree with our adjudicator's assessment so the complaint has been passed to me to decide.

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.

Having looked at all the evidence, I've decided not to uphold Mr L's complaint and I'll explain my reasons for this.

First of all, I've looked at the main aspect of Mr L's complaint, which is that the adviser pressured him into taking out the policy. He told us that the adviser gave him the impression that the finance provider would be more likely to approve his loan if he took out the PPI.

Mr L has told us that, looking back now, he remembers being caught up in the moment of purchasing a new motorcycle. He believes that he took out the PPI to ensure that he got the loan.

I've considered the possibility that the adviser said something that made Mr L think that he had to buy the policy to secure the loan. But having looked at the information which has been provided to me, there doesn't appear to be any suggestion that this is what happened. I think it's equally likely that Mr L could have decided that the PPI was a good idea to protect his repayments. And I don't think that it would be fair of me to conclude that the adviser misled Mr L, based solely on his recollection, without other evidence to support it.

I note that the demands and needs document set out a choice of 3 different levels of cover; bronze, silver and gold. Mr L chose the gold PPI, the highest out of the 3 levels. It included life, accident and sickness, redundancy and keyfob cover. This makes me think that it's most likely that, at the time of the sale, he decided that the PPI could be useful for him. If he'd been put under pressure to take a policy he didn't really want, I would have expected him to opt for the lowest level of cover available.

In addition, the paperwork makes me think it's most likely that Mr L understood that he didn't have to take out the policy. He signed the demands and needs document and, in my view this document made it clear that he had a choice about whether or not to take the PPI. Mr L also signed the credit agreement, which said the payment protection plan was optional.

Frasers recommended the PPI to Mr L. This meant they had to make sure the policy was suitable for his needs, as well as giving him the information to decide whether to take it out.

I've checked the policy for significant exclusions and restrictions, for example exclusions about pre-existing medical conditions or unusual employment terms. But nothing in Mr L's circumstances leads me to think he would have been affected by any of these.

Mr L was eligible for the cover, as he met the policy rules about age, where he was living and his employment status. In addition the policy appears to have been affordable for him.

If Mr L had been off work sick or lost his job, he might have found it difficult to make the loan repayments. Mr L has told us that he would have received some pay from his employer if he was off work sick or made redundant. And he told us he had some savings and his family would have helped if he got into difficulties. But I think he had a need for the PPI and it would've been useful for him at a potentially difficult time.

It's possible that Frasers didn't give Mr L clear enough information about the cost, benefit or main exclusions and restrictions of the policy. I can't know exactly what he was told during the sale and I note that the documents I've seen, which Mr L signed, don't highlight the restrictions in what the policy covered.

But I don't think Mr L's decision to take out the PPI would have been different if Frasers had given him better information. He wasn't affected by the exclusions and restrictions, so I don't think that better information about them would have seemed relevant for him. And I think that the policy could have provided him with a useful benefit. On balance, I think it's most likely that Mr L would have decided that the PPI was a good idea, and I don't think having better information would have changed his mind.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 April 2015.

Katrina Hyde
ombudsman