

complaint

Mr C complains that insurance cover was added to his Provident Personal Credit Limited accounts and he wants the hidden cost refunded plus interest.

background

Mr C says the rear inside page of his Provident payment book shows PPI Life Insurance was included with his loans. It's implied the cost of this was included and hidden in what he paid and as he already had other similar insurances through his employment he didn't need any additional cover provided by Provident. He wants the hidden cost of this cover refunded plus interest.

Provident said in its final response that as a home collected credit company it offered small unsecured loans repaid weekly. It does not, nor ever has, sold PPI or any other type of insurance with its products. The details in Mr C's payment book relate to Life Insurance which was a special scheme it arranged at no extra charge to the customer. And in the event of Mr C's death his dependents could contact Provident and if certain conditions were met the amount outstanding on his accounts would be paid off. This wasn't a PPI policy.

Provident has subsequently said that a life insurance policy was offered by a third party company. Provident would have offered an interest free loan to the customer for the cost of the annual policy and paid this to the third party company in one payment, allowing the customer to pay the loan back in weekly instalments. Mr C didn't take this out and didn't have life cover. If he had there'd have been evidence of this in his payment book as it would've been detailed on a separate page. But it isn't.

The third party company has confirmed that it has no record of Mr C holding any life insurance policy with it.

Our investigator felt that this complaint shouldn't be upheld. She said:

- PPI and life cover aren't the same. PPI provides protection for accident sickness and unemployment, not life insurance. Life insurance only covers the customer in the event of death.
- Provident initially said life insurance was included at no extra cost. But it's now clarified that Mr C's payment book shows life insurance wasn't taken out. It's said life insurance was offered by a third party company and was paid for via an interest free loan covered by Provident. If Mr C had taken it out there'd have been a separate page in his payment book for the interest free weekly repayments.
- There's no record or evidence in Mr C's payment book of him taking out life insurance.
- Mr C says life insurance was included with his loans and its cost was added into his payments. But there's no evidence of this and Provident says life cover would've shown completely separately in the payment book. The third party company providing the life cover also has no record of Mr C having a policy with it. There's nothing to show Mr C paid for life insurance.

- We aren't a regulator and cannot require Provident to change its procedures or fine or punish it. That's the role of the Financial Conduct Authority.
- Without any evidence Mr C paid for life insurance she can't ask Provident to make any refund to him.

Mr C doesn't agree and has asked for an ombudsman review. In summary he says he didn't need life insurance as it wouldn't benefit him as any money paid out on his death would've gone to Provident. The payment book says life insurance was provided through a master policy held by Provident not an individual policy. He'd other insurances and didn't need the life insurance provided by Provident. Its insurance had a cost element which wasn't optional for the customer. This unnecessarily bloated and inflated the interest and costs on his loan and his payments. He also wants to know if the special arrangement life insurance referenced in his payment book is the same as the insurance Provident has referenced. He wants to know if the third party company had any connection with it. And where the cost of it was taken from if not the interest he paid to Provident. He still thinks he paid for a product he didn't need. He says he should be put back in the position he would've been in if he'd had the choice of opting out of the insurance. The life insurance wasn't free or additional at no extra cost as the payment book says.

my findings

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

Some of the evidence in this case is incomplete, inconclusive or contradictory. So, I've made my decision based on what I think is more likely to have happened than not.

Mr C has provided detailed submissions to support his complaint. I've read and considered them all. But my findings are expressed in considerably less detail. And they focus on what I think are the main issues.

Mr C wants me to make further enquiries with the third party company providing the life insurance. But I do not propose doing so as I have enough information already available to me to allow me to make my decision in this complaint.

Provident has rather bizarrely provided two very different and, to my mind, contradictory explanations about what life insurance would've been available to Mr C.

Most recently it's said a life insurance policy was offered by a third party company. If taken up by the customer Provident would have paid the cost of the annual policy to the third party company and given the customer an interest free loan for this amount which the customer would pay back to Provident in weekly instalments. And if taken out this would be shown on a separate page in the customer's payment book.

In Mr C's case there's nothing suggesting this was ever offered to Mr C or any reference in his payment book to him taking out this cover or the interest free loan. And the third party company has confirmed it has no record of him being its policyholder.

Mr C correctly says his payment book mentions life insurance protection and sets out its terms and conditions. And Provident's earlier and original explanation in its final response confirmed the details outlined in Mr C's payment book relate to life insurance which was a

special scheme arranged at no extra charge to the customer. And it said in the event of his death his dependents could contact Provident and if certain terms and conditions were met the amount outstanding on his accounts would be paid off.

I agree with Mr C that this indicates Provident had likely taken out a master policy which provided life insurance protection to its customers and if Mr C died and his dependents made a claim it could make a pay out in the specified circumstances.

Mr C says this insurance had a cost element which wasn't optional for the customer and its inclusion unnecessarily bloated and inflated the interest and costs on his loan and payments he had to make.

But Provident is entitled to decide what benefits it offers its customers, and to set its interest rates and loan costs. These are examples of it exercising its commercial judgement which isn't something we'd normally get involved in.

And as the investigator has said this service isn't a regulator. We also can't fine or punish a business or require it to change its practices and procedures. General issues about how the banking industry works are a matter for the Financial Conduct Authority.

Furthermore the existence of this benefit was clearly brought to Mr C's attention from the very start as it was clearly set out in his payment book. If Mr C wasn't happy with this life insurance protection benefit, thought he didn't need it or considered the loan was too expensive he was free to contact Provident or look around for a loan with another provider that better suited his needs and requirements. But he didn't do so.

Provident also said in the payment book that this life insurance protection benefit was at no extra charge to the customer and I've seen nothing to show Mr C paid anything extra for it.

Taking everything into account I don't think on balance that Mr C ever took out a life insurance policy with the third party company in his own name or, in either scenario described by Provident, made any payment for life insurance protection.

Consequently I don't think Mr C's shown he paid anything for such cover and it follows there's nothing that can possibly be refunded to him. And I don't think I can therefore fairly or reasonably require Provident to refund or pay anything to Mr C as he'd like.

Overall although I recognise Mr C's strength of feeling I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 April 2019.

Stephen Cooper
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