

complaint

Mr G complains that John W Groombridge Motorcycles Ltd (Groombridge) mis-sold him a payment protection insurance ("PPI") policy in connection with a motorcycle loan in 2008.

background

Our adjudicator reviewed this case and decided that Groombridge had not mis-sold the policy to Mr G. Mr G does not agree with this view, and has requested the case be reviewed by an ombudsman.

my findings

I have considered afresh all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our general approach to considering complaints about the sale of PPI is well-documented and I have considered the issues in accordance with this general approach. This includes taking into account the law, good industry practice and any regulatory rules and guidance relevant to this complaint at the time the policy was sold.

The key issues I need to consider in this complaint are:

- whether Groombridge gave Mr G information that was clear, fair, not misleading and sufficient to put him in a position to make an informed choice about whether to buy the PPI policy; and
- whether, in giving any advice or recommendation, Groombridge took adequate steps to ensure that the PPI policy was suitable for Mr G's needs.

If there were shortcomings in the way in which Groombridge sold the policy, I then need to consider whether Mr G is worse off as a result. That is, would Mr G be in a different position now if there had not been any shortcomings?

Mr G reports that he was not made aware of the costs of the policy and was only made aware of the loan repayments.

Both parties have told this service that it was an 'information only' sale. However, having considered the sample "Demands and Needs" document that Groombridge provided to this service, and having taken their final response letter to Mr G into account, I am persuaded that this was, in fact, an advised sale. As such, Groombridge had a responsibility to take Mr G's personal circumstances into account and to recommend a policy that was suitable to his situation.

Because the sale took place in a meeting, there is no record of what was said, so I can only make my decision on what I consider is *most likely* to have happened in the circumstances, based on the evidence provided to me by the two parties.

My first consideration must be whether Mr G was made aware that buying the policy was optional.

I cannot know how the policy was described to Mr G, but I note that the optional nature of the policy was presented on the loan protection paperwork which Mr G signed. He also signed a separate box on the form to indicate that he wished to buy the PPI.

While it is possible that the adviser said something that left Mr G confused about whether the PPI was an optional extra, I am satisfied that the optional nature of the PPI was set out in the point of sale documentation and that he signed his acceptance of it.

In considering whether the policy was suitable for Mr G, there are similarly no records available of how the significant limitations and exclusions of the policy were presented to him in the meeting. However, Groombridge has told us that a "Demands and Needs" statement would have been completed for the sale, which suggests that there was at least some discussion with Mr G about the suitability of the policy for his situation. Having reviewed the information that Mr G has provided to this service, it appears that, at the time he bought the cover, Mr G was in good health, in employment and fulfilled the conditions of eligibility for the policy. As far as I can tell, Mr G was not disadvantaged by any of the eligibility, health or employment restrictions of the policy. I am therefore persuaded that he was not likely to have made a different decision about buying the policy, even if any shortcomings in the way that Groombridge's representative described these elements to him had been rectified.

Having reviewed the loan agreement paperwork that Mr G signed, I am satisfied that the full cost of the policy was provided there. It was not all provided in one place, which I accept could have made it more difficult to understand, but the cash price of the policy was presented, the interest payable upon the cash price was presented and the total cost of the PPI was presented in a separate section of the form. I am persuaded that, had Mr G reviewed the form before he signed it, and given that it was a binding credit agreement, he would have known the full cost of the policy at the point he agreed to buy it.

The non-pro rata refund is a significant feature of the policy which should have been highlighted appropriately and taken into account by the adviser in making his recommendation to Mr G. However, I recognise that there is no way of knowing whether Mr G was given this information before he agreed to buy the policy. However, I do not consider the recommendation of the policy inappropriate. I say this because, the information that Mr G has given to us about his existing provisions suggest that he would have had little resource to call upon to maintain his payments if anything went wrong. Meanwhile, he was taking on a new credit facility and potential liability. I have seen nothing in Mr G's submissions to this service that suggest he was either intending, or in a position to be able, to repay the loan early. On balance, and taking into account Mr G's potential for receiving benefit from the policy, I consider that he would still have bought the policy, even if the nature of the refunds had been drawn more clearly to his attention.

In summary, I do not rule out the possibility of shortcomings in the advice and information provided by Groombridge during this sale. I accept Mr G's testimony that he remembers very little about the policy being discussed with him. However, the evidence I have seen does not persuade me that Mr G was disadvantaged by any shortcomings in the way that Groombridge's representative described the policy to him.

It follows, therefore, that I do not find that the policy was mis-sold by Groombridge.

I appreciate that this will come as a disappointment to Mr G.

my final decision

For the reasons set out above, I do not uphold this complaint. I make no award against John W Groombridge Motorcycles Ltd.

Roxy Boyce
ombudsman