

complaint

Mr L complains that he was mis-sold a payment protection insurance (PPI) policy by Lookers Motor Group Limited, when he bought a motorcycle.

background

In 2006 Mr L bought the motorcycle from Lookers using a loan, and Lookers sold him a PPI policy. It appears that the PPI covered him for life, accident and sickness (but not unemployment) during the five year term of the loan.

Our adjudicator thought the complaint should be upheld and told Lookers. It didn't respond, so the complaint was passed to me.

my provisional decision

After considering all the evidence I issued a provisional decision to both parties on 27 May 2016. I did not think Mr L's complaint should be upheld.

I explained the key reason why my view was different from that of the adjudicator. Both Mr L and Lookers told us that he paid for the PPI with regular monthly premiums. The adjudicator assessed the complaint on that basis. However on looking at the details of the PPI on the loan agreement, it was clear that that was not correct. In fact the PPI was a single premium policy. That made a significant difference to some aspects of the assessment.

The PPI was sold to Mr L in a meeting. He said the PPI was never mentioned to him, and that he was not aware that it was being added. However Mr L signed two different forms referring to the PPI. The first was a document designed to assess his demands and needs for various insurance. He signed in a final section headed "I have indicated in the boxes below which products I have selected and therefore wish to purchase and those I do not wish to purchase". Ticks in the boxes showed that he had declined some types of insurance, but had accepted PPI for life, accident and sickness. The second document was the credit agreement, which included details of the cost of the PPI, and contained a separate box which Mr L signed specifically to say he wished to purchase the PPI.

I thought there must have been some discussion about the PPI so that the first form could be completed. I thought Mr L must have been aware that he did not have to accept the insurance being offered (as he turned down some types), but that at the time he chose to take PPI knowing it was optional. I could understand why he might no longer remember that.

Mr L thought he was not advised to take the PPI. Lookers said that he was and, from the first form he signed, I agreed. So Lookers needed to make sure it was right for him. From what I'd seen I thought it was. I said that because:

- Mr L was eligible for the PPI;
- He wasn't caught by any of the things the policy didn't cover;
- Although he had some sick pay entitlement from work, the PPI would have covered him for a lot longer (up to 24 months). So overall I thought the PPI could have been very useful to him if he'd had a serious accident or illness. It would also have paid off the loan if he'd died;

- I thought the cost of the policy was clear on the credit agreement Mr L signed and I hadn't seen anything to suggest he couldn't afford it;
- Mr L would have needed to receive about nine monthly benefit payments to get back the cost of the PPI. But he was able to claim up to 24 payments;
- I didn't know whether he was made aware that he would have received only a limited (not pro-rata) refund of the premium if he cancelled the policy early. But I hadn't seen anything to show that Mr L was likely to want to pay the loan off early. So I didn't think clearer information about that would have made him act differently.

I couldn't be sure that Lookers gave Mr L all the information it needed to. But even if Lookers had done everything right, I thought Mr L would still have bought the PPI. So I didn't think he had lost out because of anything Lookers did wrong.

So subject to any further comments or evidence received from Mr L or Lookers my provisional decision was not to uphold the complaint.

Neither party sent any comments or further evidence.

my findings

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

When neither party has responded to my provisional decision I see no reason to change it. So my decision remains that the complaint should not be upheld.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 August 2016.

Hilary Bainbridge
ombudsman