

complaint

Mr B complains that Hill's Garages (Woodford) Limited ("Hill's Garages") mis-sold him payment protection insurance ("PPI") when he entered into a hire purchase agreement to buy a car.

background

Mr B took out a loan to buy a car in June 2008 and was sold a single-premium PPI policy at the same time. The policy only included life and hospitalisation cover. It would've paid off Mr B's loan if he died and paid a daily allowance if he was hospitalised for more than seven days.

Mr B says he can't remember requesting PPI and he feels he wasn't given a full explanation about what PPI was. He says he wasn't told the policy was optional.

Our adjudicator didn't uphold this complaint. Mr B doesn't agree, so the case has been passed on to me to make a final decision.

my 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 Mr B's case.

I've seen a copy of Mr B's credit agreement and it includes a separate section about the insurance which reads: *"I wish to purchase the following type of payment protection: Life and Hospitalisation Plus."*

It also says: *"this recommended insurance is optional. The description entered in the space above indicates the type of Payment Protection that you have selected (if any)".* Mr B then signed separately to confirm his choice.

So I think on balance Mr B would've realised this was an insurance he didn't have to have and I think it's likely he would've queried it if he didn't want it.

Mr B says he received advice about the policy. Hill's Garages say they only provided him with enough information to make his own choice. I don't need to make a finding on this point as it doesn't affect the outcome of this decision. In an advised sale Hill's Garages would've had higher obligations. They would've needed to make sure that the policy was suitable for Mr B. And looking at his circumstances I think it was. I say this because:

Mr B was eligible for the policy and the only restriction of his policy related to pre-existing medical conditions. As Mr B told us he didn't have any health issues at the time, he wasn't negatively affected by this. Mr B says he was self-employed, but his employment status had no effect on his ability to claim on the life and hospitalisation cover he bought.

Mr B borrowed a substantial amount of money. He was married and had no savings at the time as he had used all his savings to pay off his mortgage. I think it's likely that he would've found the policy useful as this would've meant his wife wouldn't have to worry about not being able to repay the loan if he passed away.

I noticed that Mr B would've only received a limited refund of the PPI premiums if he cancelled the policy early. But I haven't seen any information to suggest he needed the flexibility to cancel the policy early at the time of sale. So I don't think the limited refund would've mattered to him.

And I haven't seen anything to suggest the policy wasn't affordable to him.

So I think the policy was suitable.

Mr B mainly complains that the policy wasn't explained to him. I can see that the cost of the policy was shown in a separate column on the credit agreement. Mr B was paying an upfront sum for the insurance to cover him for the three years of the agreement, however no interest was charged as his finance and insurance was offered with 0% interest.

I don't know what other information Mr B received at the time of sale. However, even if there were information failings I don't think better information would've changed Mr B's decision to buy the policy as it was suitable.

So he hasn't lost out as a result of anything that Hill's Garages might have done wrong.

my final decision

I'm not upholding Mr B's complaint for the reasons I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 February 2015.

Nina Walter
ombudsman