

complaint

Mr C says Bridge Motorcycles Limited mis-sold him a payment protection insurance (PPI) policy.

background

This complaint is about a single premium PPI policy Mr C took out with a loan in 2008. He applied for the PPI at a meeting.

Our adjudicator upheld the complaint. Bridge Motorcycles disagreed with the adjudicator's opinion, so the complaint has been passed to me.

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 C's case.

I've decided to uphold Mr C's complaint and I'll explain why.

Bridge Motorcycles has been able to give me a copy of the application form Mr C completed for the loan. On this, Mr C had the option of signing a box to confirm he wanted to buy PPI. Looking at the form, I can see Mr C did sign the box. So I think Bridge Motorcycles made him aware he had a choice about buying the PPI and he chose to do so.

Bridge Motorcycles recommended the policy to Mr C but I don't think it was right for him. I say this because the terms and conditions of the policy limited the amount of time Mr C could claim for unemployment during the loan. The maximum claim period was 12 months – and once a total of 12 monthly repayments had been claimed, no further claims could be made under the unemployment benefit.

Mr C's loan was for a total of five years. So if Mr C had become unemployed early on in the loan, he could've found himself with years remaining on the loan term with no unemployment cover available to him. And I think that considering the cost of the policy, this made it unsuitable *as a whole* for Mr C. I think both the accident and sickness cover and the unemployment cover would've been equally important to Mr C. So I think it's unlikely he'd have bought accident and sickness cover alone.

Because of this, I don't think Mr C would've bought the policy if Bridge Motorcycles had made clear it wasn't right for him as a whole. So, I think Mr C has lost out because of what Bridge Motorcycles did wrong.

putting things right

Mr C borrowed extra to pay for the PPI, so his loan was bigger than it should've been. He paid more than he should've each month and it cost him more to repay the loan than it would have. So Mr C needs to get back the extra he's paid.

So, Bridge Motorcycles should:

- Work out and pay Mr C the difference between what he paid each month on the loan and what he would've paid without PPI.
- Work out and pay Mr C the difference between what it cost to pay off the loan and what it would have cost to pay off the loan without PPI.
- Add simple interest to the extra amount Mr C paid from when he paid it until he gets it back. The rate of interest is 8% a year[†].
- If Mr C made a successful claim under the PPI policy, Bridge Motorcycles can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires Bridge Motorcycles to take off tax from this interest. Bridge Motorcycles must give Mr C a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons I've explained, I uphold Mr C's complaint.

Bridge Motorcycles Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C to accept or reject my decision before 29 January 2018.

Rebecca Norris
ombudsman