

## **complaint**

Ms A complains that she was mis-sold a life and critical illness insurance policy by Hgb Motorcycles (Ruislip) Ltd (“HGB”) when she took out a loan to buy a motorcycle.

## **background**

I issued a provisional decision on this case, in which I set out that I propose to uphold Ms A’s complaint. This is attached and forms part of my final decision.

Both parties were given an opportunity to comment on my provisional decision.

Neither party made any new arguments regarding the facts of the case following the issuing of my provisional decision.

HGB disputes the 8% interest payable on the premium repayments as set out in my provisional decision and has asked for evidence that this is an acceptable interest rate to charge. It has also offered a lower amount of compensation of £250 for the inconvenience caused to Ms A.

## **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 this case.

As neither party has challenged my provisional decision, I am going to issue a final decision in exactly the same terms. So I’m going to uphold Ms A’s complaint.

HGB says it disagrees with the suggested interest rate of 8% per year, as no bank has offered this interest rate for quite a number of years. It thinks this rate of interest is unreasonable.

We have set out our approach to awards of compensation on our website. In particular at: [http://www.financial-ombudsman.org.uk/publications/technical\\_notes/compensation-for-investment-loss.htm](http://www.financial-ombudsman.org.uk/publications/technical_notes/compensation-for-investment-loss.htm)

The interest rate I proposed is the current statutory rate of interest and is likely to be the amount Ms A would receive if she went to court. It doesn’t just reflect what someone might have earned if they had put their money in the bank. It’s important to bear in mind that this rate of interest is gross, before tax is deducted. And I don’t just need to consider what the current interest rate is – this sale took place around eight years ago. This rate also takes account of the interest charged on overdrafts and loans. Overall, I think the rate of 8% simple interest per year is fair in this case.

Also, HGB has offered compensation for trouble and upset of £250. However, I find that Ms A was considerably inconvenienced by HGB’s actions in this case so am keeping the additional compensation awarded for trouble and upset at £500 as set out in my provisional decision.

### **what the business should do to put things right**

HGB should put Ms A in the position she'd be in now if she hadn't taken out the insurance. The policy should be cancelled, if it hasn't been cancelled already, and HGB should:

- Pay Ms A the amount she paid each month for the insurance.
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 8% a year<sup>†</sup>.
- If Ms A made a successful claim under the insurance policy, HGB can take off what she got for the claim from the amount it owes her.

<sup>†</sup> HM Revenue & Customs requires HGB to take off tax from this interest. HGB must give Ms A a certificate showing how much tax it's taken off if she asks for one.

Additionally, I think that Ms A has had a degree of unnecessary trouble and upset caused by HGB's actions in this case. I therefore instruct HGB to pay Ms A an additional payment of £500 as further compensation. This amount is over and above the repayment of the insurance premiums and interest set out above.

### **my final decision**

I uphold this complaint and instruct Hgb Motorcycles (Ruislip) Ltd to pay compensation in full to Ms A as set out under the "*what the business should do to put things right*" heading above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 21 October 2015.

Rebecca Haigh  
**ombudsman**

## **complaint**

Ms A complains that she was mis-sold a life and critical illness insurance policy by HGB Motorcycles (Ruislip) Ltd (“HGB”) when she took out a loan to buy a motorcycle.

## **background**

Ms A bought a motorcycle in November 2007 from HGB. To do so, Ms A took out a loan through the business. HGB also sold Ms A an insurance policy for life and critical illness.

## **my provisional 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 this case.

Ms A has told us that she didn’t want the life and critical illness policy because she had savings of more than the loan amount and she had life and critical illness cover through her employer.

HGB has provided us with two copies of a demands and needs statement which are signed by Ms A. These look to be two copies of the same original form. On this form, it can be seen that Ms A said no to all insurance policies offered to her in the meeting. On one of these copies, the “no” is crossed out next to the critical illness and life cover and initials are written next to the handwritten “yes”. Next to life and critical illness a tick has been marked in a box. On the other copy, there is no handwritten “yes” or initials. The tick is present next to the critical illness and this time a circle has been drawn around “£5.00” and “bronze”. This seems to me as though handwritten adaptations have been made to copies of this one form after Ms A signed it.

Ms A has been able to find the original form. On this, I can clearly see that Ms A signed a form that stated “no” she did not want any of the insurances on offer. None of the handwritten adaptations mentioned above were present on the original document held by Ms A.

I have found Ms A’s account to be persuasive throughout and I do not think that she wanted or felt she needed any insurance in relation to this loan. Ms A was expecting to be paying around £77 a month for this loan and instead she had to pay around £82 a month.

I don’t think that HGB obtained Ms A’s consent to sell her this policy. Therefore it was mis-sold and HGB should put things right.

## **what the business should do to put things right**

HGB should put Ms A in the position she’d be in now if she hadn’t taken out the insurance. The policy should be cancelled, if it hasn’t been cancelled already, and HGB should:

- Pay Ms A the amount she paid each month for the insurance.
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 8% a year<sup>†</sup>.
- If Ms A made a successful claim under the insurance policy, HGB can take off what she got for the claim from the amount it owes her.

<sup>†</sup> HM Revenue & Customs requires HGB to take off tax from this interest. HGB must give Ms A a certificate showing how much tax it’s taken off if she asks for one.

Additionally, I think that Ms A has had a degree of unnecessary trouble and upset caused by HBG's actions in this case. I therefore ask HGB to pay Ms A an additional payment of £500 as further compensation. This amount is over and above the repayment of the insurance premiums and interest set out above.

**my provisional decision**

I intend to uphold this complaint and instruct HGB to pay Ms A compensation as set out above.

I now invite both parties to let me have any further evidence or arguments they consider are relevant, in writing, and before 7 September 2015, at which point I will reconsider Ms A's complaint and issue my final decision.

Rebecca Haigh  
**ombudsman**