

complaint

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

background

This complaint is about a single premium PPI policy Mr H took out with a loan to buy a vehicle in 2006. 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 H's case. Having done this, I've decided to uphold Mr H's complaint.

Bridge Motorcycles recommended the policy to Mr H but I don't think it was right for him because it only provided cover for death and critical illness. I appreciate this type of cover can be useful. However, at the time of sale, Mr H wasn't married and didn't have any dependents. This means, if he died there was no one to benefit from the policy.

Bridge Motorcycles has said the policy was right for Mr H because it was there to settle the loan in the event of critical illness and death. I agree with them on the purpose of the policy. However, I can't ignore Mr H's age and circumstances at the time of sale. I can't agree that the benefits of this policy would've been a priority for Mr H. So I don't think he would've bought the policy if he properly understood what it covered him for.

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

putting things right

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

So, Bridge Motorcycles should:

- Work out and pay Mr H the difference between what he paid each month on the loan and what he would've paid each month without PPI.
- Add simple interest to the extra amount Mr H paid each month from when he paid it until he gets it back. The rate of interest is 8% a year[†].

- If Mr H 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 H 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 H'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 H to accept or reject my decision before 16 January 2016.

Sarah Turay
ombudsman