complaint

Mr W says he was mis-sold a payment protection insurance (PPI) policy by Bridge Motorcycles Limited (BML). He says BML didn't make him aware he had a choice about taking out the PPI.

background

Mr W bought a "silver" PPI policy in 2006 alongside a hire purchase agreement for a motorcycle.

The policy covered Mr W's loan repayments for up to 24 months if he couldn't work due to accident or sickness. It also offered him life cover. Mr W borrowed extra to pay for the policy which was added to the loan and attracted interest. The total cost of the policy with interest was £666.24.

Our adjudicator didn't uphold the complaint because he thought BML made Mr W aware the policy was optional and the policy was right for him. Mr W disagreed. He says BML told him taking out the policy would improve his chances of getting his loan approved.

my findings

I've considered all the available evidence and arguments to decide what is 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 W's case.

I've decided not to uphold Mr W's complaint.

Mr W says BML told him that he would have a better chance of getting his loan if he took out PPI. BML disagreed. It says the layout of the loan agreement made it clear to Mr W that he had a choice about taking out the policy. And that Mr W chose to take it out.

BML has also pointed out that Mr W's loan had already been accepted by the time he bought the policy. It says Mr W went to the dealership on 18 June 2006 and returned on 22 June to sign his loan agreement. BML says this was its usual sales process to allow customers time to reflect on taking out the loan and shop around for alternatives.

I can't be sure from looking at Mr W's loan agreement if the process described by BML was followed. But I also can't see any reason why it wouldn't have happened that way. Even if it didn't, I can see that the loan agreement includes a separate box for PPI. The box includes the statement: *'I wish to purchase the following insurance(s).'* There's a box underneath next to *'Payment Protection.'* A tick has been placed in the box. And Mr W has signed underneath to show that he wanted to take out the policy. He's also signed for the loan separately. The loan agreement also describes the policy as optional and sets out the level of cover and cost separately.

BML told us that it would've completed a demands and needs statement with Mr W when he took out his loan. BML hasn't got Mr W's signed demands and needs statement. Instead, it has given us a sample document it says would've been used at the time to decide whether the policy was right for Mr W. After asking a series of questions about Mr W's circumstances, it sets out three levels of cover (Gold, Silver and Bronze). And at the bottom of the form, it gave Mr W the option to decline the recommended policy.

From looking at the paperwork, I think BML made it clear to Mr W that he had a choice about taking out the PPI and that Mr W chose to buy it.

Based on what Mr W has told us about his circumstances I also think the policy was right for him. And I don't think it was wrong of BML to recommend it to him.

I say this because Mr W was eligible for the policy and he's told us that he was in good health at the time. So he doesn't appear to have been affected by any of its main limitations or exclusions such as those relating to pre-existing medical conditions. This means it's likely he would've been able to have benefited from the full cover of the policy if needed.

Mr W was self-employed at the time of taking out the policy. So I've also looked at the terms of the policy relating to disability cover under the policy. I've kept in mind the type of work Mr W did and it's my understanding that Mr W's job involved him in one activity, which would account for nearly all his time. And this would've been physical in nature. This is what I'll call his normal every day work. It's what he did. Everything else would've been purely incidental. So as long as any disability stopped him from doing his normal everyday work, I think it's likely that the insurers would've let him claim accident or sickness benefit under the policy.

I also think the term is likely to have been applied fairly and an insurer isn't likely to exclude *"all"* activities by the customer. And Mr W wouldn't have had to shut down his business for him to be able to make a claim under the policy for accident or sickness. So I don't think that Mr W being self-employed meant the policy wasn't right for him.

Mr W didn't have any sick pay he could've used because he was self-employed. But he has told us he had some savings he could have used to make his loan repayments if for some reason he couldn't work. But I don't think this meant the policy wasn't right for him. The policy would've paid out for up to 24 months, which was a significant period of his loan term if he was too sick to work. And taking it out meant his savings could remain intact. I've also kept in mind that Mr W may have earmarked his savings for some future purpose. And he wouldn't have wanted to use them to make his loan repayments.

The policy didn't offer a proportionate refund if the loan was repaid early and the policy cancelled. But I can't see that Mr W planned to pay off his loan early when he took it out. So I don't think Mr W would've needed the flexibility to do this. I've also worked out that Mr W would've needed to claim for just over seven months for the policy to pay for itself. So I don't think the cost of the policy, compared to its benefits, made it unsuitable for him. I also haven't seen anything to suggest the policy was unaffordable for Mr W.

BML should also have given Mr W enough information so that he could decide whether the policy was right for him. Mr W's signed loan agreement sets out separately the cost of the PPI, the interest on it and the total cost of the PPI. So, I think Mr W would've had a good idea about how much the policy was going to cost him.

BML says it gave Mr W a copy of the policy summary at the meeting and then sent him a full policy document in the post afterwards. I can't be sure if Mr W, received, read or understood all of that information. And I can't be sure that the BML explained everything clearly to Mr W at the time of the sale. But even if he'd been given better information, I don't think he would've been put off taking out the policy.

I say this because:

- comparing the benefits of the policy to its overall cost, I think he would've still thought the policy could be useful to him. If he'd made a claim under the policy, he, could've got back quite a bit more than the amount he paid for the policy.

- looking at the reason why he borrowed the money and how long he borrowed it for, I don't think he would've thought he would need to end the loan early. Or cancel the policy during its lifetime.

- from what Mr W tells us about his circumstances from around the time, it doesn't look like he would've been affected by any of the things the policy wouldn't have paid out for.

In summary, based on what Mr W has told us about his circumstances, I think fuller information would've shown him that the policy provided useful potential benefits at a reasonable cost. This means Mr W isn't worse off as a result of what BML did wrong, so there's nothing BML needs to do to put things right.

my final decision

For the reasons set out above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 19 November 2015.

Sharon Kerrison
ombudsman