

complaint

Mr W says P&H Motorcycles Ltd mis-sold him a payment protection insurance (PPI) policy.

background

At a meeting in 2005, Mr W took out a loan over 36 months to buy a motorcycle. At the same time, he took out a PPI policy – also lasting 36 months – to protect his loan repayments. The cost of the PPI was added to the loan and attracted interest.

The PPI covered Mr W's loan repayments if he couldn't work due to accident, sickness or unemployment.

Our adjudicator didn't think Mr W's complaint should be upheld. Mr W disagreed, so the complaint was passed to me to review afresh.

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 W's case.

Having done so, I'm not upholding the complaint. I'll explain why.

P&H had to make it clear to Mr W the PPI was separate to the loan, that he had a choice about taking out PPI and get his agreement before adding it. The PPI was taken out during a meeting in a sales room more than 10 years ago. So, as well as looking at what both Mr W and P&H have said, I've also considered the paperwork from the time.

I haven't seen a copy of any application form Mr W might have seen for the PPI. But I have seen a copy of the credit agreement Mr W signed, which mentioned PPI separately from the details regarding the motorcycle he was buying. I can see the agreement also included a section headed "*PAYMENT PROTECTION PLAN*" in which the PPI was described as "*optional*". It went on to say the agreement showed the level of cover "*you have selected*".

The policy summary P&H says it gave Mr W at the time of the sale started by explaining the PPI was "*optional and not a condition of taking out the credit*".

Of course I can't be sure about what the adviser might have said to Mr W at the time, or of the impression he was given. But, in the light of the available evidence, on balance I think it's likely the adviser discussed PPI with Mr W before the credit agreement was printed. And that Mr W had, by that time, agreed to take out the PPI knowing it was optional and that he didn't have to take it if he wanted the loan.

I think P&H advised Mr W to take out the policy. So, among other things, it should have checked that it was right for him. I don't know if it did that. But, given Mr W's circumstances at the time, I think it was right for him in any case.

I say that because, firstly, I believe Mr W was eligible for the PPI and wouldn't have been affected by the policy's main exclusions and limitations. I realise Mr W mentioned, in bringing

his complaint, that he had a health issue, although it now seems this wasn't a problem for him until after he bought the policy.

Secondly, Mr W says he had other ways of making his repayments if he wasn't working that meant he had no need for PPI. For instance, he would have had some sick pay and redundancy pay. But the PPI benefits would have paid out on top of that pay and for longer if needed, at up to 24 months in total for accident and sickness claims and up to 12 months for unemployment claims. And, while I've no doubt Mr W's family would have wanted to assist if he got into financial trouble as he says, it's difficult to say with any certainty that it would have been in a position to help when it was needed. The PPI benefits, on the other hand, were guaranteed.

Thirdly, I've seen no reason to think the PPI was unaffordable for Mr W. Although the PPI would have proven expensive to cancel early because it provided a refund that wasn't proportionate, I don't agree with Mr W that this made it unsuitable for him. He suggests he was likely to cancel the loan early because he was consolidating debt but, as I've already explained, I'm satisfied he was taking out the loan to buy a motorcycle. I've seen no indication he intended at the time to cancel the loan early.

P&H should also have given Mr W enough information about the policy to make an informed choice about whether to take it out. I think the cost of the PPI was clearly shown on the credit agreement. But I don't know if P&H gave Mr W all the information it should have. Having said that, I think that even with better information Mr W would still have taken out the policy. That's because I think he would have considered the PPI to have been suitable and useful for him, for the reasons I've already explained.

Taking everything into account, I don't think Mr W's lost out because of how P&H sold the PPI.

my final decision

For the reasons given, I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 November 2017.

Nimish Patel
ombudsman