

complaint

Mr T complains that Hills Garages (Woodford) Ltd. ('Hills') mis-sold him payment protection insurance (PPI) when he took out hire-purchase for a car.

background

In August 2008 Mr T bought a car from Hills on hire-purchase. Hills sold him PPI with the credit. The policy was paid for by a single premium that was added to the credit and gathered extra interest.

Our adjudicator considered the complaint. They didn't think Hills had mis-sold the policy. Mr T disagrees so I've been asked to consider the matter.

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. Having taken this into account, I've decided not to uphold Mr T's complaint. I'll now explain why.

When it sold the PPI, Hills should've made sure Mr T knew it was optional. Mr T says he was told he had to have PPI to get the credit. But he hasn't given me any detail about what was said or done to make him think this. Hills also can't tell me what was said. So I've looked at the agreement Mr T signed to see if it showed the policy was optional. From this I can see that Mr T had to sign separately for the hire purchase and for the PPI. The cost of the PPI was set out separately to the hire purchase and the PPI was described as 'optional'. Normally this would be enough to show me the customer understood that PPI was optional and agreed to buy it.

But Mr T says he had to get the sales person to read the agreement to him because he has reading problems. So I've thought about this. The cost of the car Mr T was buying was over £8,000. So I think if he wasn't able to understand what he was signing, he'd have taken someone he trusted with him. He didn't. I think if Mr T understood what he was signing well enough to buy a car worth over £8,000, it's likely he understood the PPI was optional too.

After our adjudicator's assessment, Mr T said it isn't his writing in the PPI box. I can see that the agreement was completed by the sales person. But the signatures for the agreement and the PPI look very similar. And Mr T didn't raise this issue when he sent us the copy of the agreement. So I'm not persuaded by this.

Mr T says he was advised to buy the policy. But Hills says it didn't give advice about or recommend PPI. I see the agreement says "*this recommended policy is optional*". But that's not enough to make this an advised sale. And there's nothing else to suggest that Hills advised Mr T to buy it. So I think this was likely a non-advised sale.

That means Hills didn't have to make sure the policy suited Mr T. But it did have to tell him enough about the policy to decide for himself if he wanted to buy it. It's not clear what was said to him in the meeting or how well it was explained. So I think Hills may not have done enough here. Especially given Mr T's reading difficulties. But I don't think he was worse off because of this. I say this because:

- From the policy document and what Mr T's told me about his circumstances at the time I think he was eligible for the policy.
- I don't think he was affected by the policy's main exclusions or restrictions. For example, about pre-existing medical conditions and employment status.
- Mr T says he had less than three months' sick pay benefits with his employer and he had some savings but hasn't said how much. He also says his father was guarantor. The agreement doesn't show a guarantor. But I accept Mr T's father would've wanted to help his son. Still, people's circumstances change. So if and when Mr T needed help, his father may not have been in a position to offer it.
- The policy would likely have paid his instalments for up to a year if he'd been off work, sick or lost his job. So I think it offered valuable protection that he didn't otherwise have.
- There's nothing to suggest that Mr T couldn't afford the premium or needed to keep his outgoings to a minimum.
- The policy lasted for the same time as the hire-purchase.
- The policy was paid for by a single premium and Mr T wouldn't have got a pro-rata refund if he'd paid the credit off early. But there's nothing to show he thought he might want to do this when he took out the credit.

So I think that even if Hills had given Mr T all the information it should have, he'd still have bought the policy.

my final decision

My final decision is that I don't uphold Mr T's complaint against Hills Garages (Woodford) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 March 2017.

Mike Foster
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