

complaint

Mr T says C M C Chesterfield Limited (CMCC) mis-sold him payment protection insurance (PPI).

background

In March 2005 Mr T took out a loan to buy a motorcycle in a meeting with CMCC. At the same time, CMCC sold him PPI.

Our adjudicator thought the complaint should be upheld. They thought CMCC hadn't shown that Mr T was eligible for the policy. CMCC has received that assessment but hasn't provided us with any comments. 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 to uphold Mr T's complaint. I'll now explain why.

Despite a number of chances, CMCC hasn't taken the opportunity to provide any information about this sale. So I only have what Mr T says and the copy sales agreement he's sent me.

Mr T says he was sold the policy in a meeting. Since his signature is witnessed by CMCC, I think this is right. I also think the agreement raises other potential reasons for upholding Mr T's complaint. But I don't need to consider these further because I'm able to uphold the complaint for the same reason as our adjudicator described.

Mr T says that the policy wasn't explained to him. It was presented as a single package with the loan and he simply took it out to get the motorcycle. This is consistent with the loan agreement I've seen, which provides no significant information about the policy. It includes a statement that says "*Please make sure you have been given details of the Payment Protection Plan. Details will include who is eligible and certain limitations which apply.*" But it doesn't say what the eligibility requirements are. And CMCC hasn't given me any information about these.

So I'm not satisfied that Mr T was eligible for the policy. If he wasn't he would never have been able to claim on it. So clearly he shouldn't have been sold it. It follows that I'm upholding his complaint.

putting things right

Mr T 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 T needs to get back the extra he's paid.

So, CMCC should:

- Work out and pay Mr T 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 T paid each month from when he paid it until he gets it back. The rate of interest is 8% a year[†].
- If Mr T made a successful claim under the PPI policy, CMCC can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires CMCC to take off tax from this interest. CMCC must give Mr T a certificate showing how much tax it's taken off if he asks for one.

my final decision

For these reasons, I'm upholding Mr T's complaint and I require C M C Chesterfield Limited to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 March 2017.

Mike Foster
ombudsman