

complaint

Mr B complains that he was mis-sold a payment protection insurance (PPI) policy by CMC Chesterfield Limited ("CMC") when he took out a loan.

background

The full background to this complaint was set out in my provisional decision issued in June 2015 which is attached to this decision.

Both parties were invited to comment on my provisional decision but neither chose to do so.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Neither party has commented further so I'm content that my provisional decision should stand.

my final decision

I'm not upholding Mr B's complaint, so it follows that CMC Chesterfield Limited don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 September 2015.

Sally Allbeury
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr B complains that he was mis-sold a payment protection insurance (PPI) policy by CMC Chesterfield Limited ("CMC") when he took out a loan.

background

Mr B took out a loan to buy a motorcycle in 2005. At the same time he was sold a single premium PPI policy. The cost of this was added to his loan and he was charged interest on it.

If Mr B had made a successful claim the policy would've covered his repayments on the loan for up to 12 months at a time if he was unemployed, or 36 months if he was off work as a result of an accident or sickness. It also provided life cover.

The adjudicator thought that Mr B's complaint should be upheld because it looked like Mr B would've needed to claim for unemployment for longer than was allowed under the policy to make the cost of the premium worthwhile.

CMC haven't responded, so it's been assumed they don't agree with the adjudicator's view and the case has been passed to me to make a decision.

my provisional 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 PPI on our website and I've taken this into account when deciding this case.

Unfortunately CMC have chosen not to give us their side of the story, so I don't know what happened during the sale. Mr B hasn't made a specific complaint either although he does indicate that when he tried to claim he found it difficult to do so. So I don't have much information to work with to make this decision.

I can see from the credit agreement Mr B signed that he had a choice about taking the policy and that he signed separately for it. Mr B hasn't indicated that he didn't agree to buy it or that he didn't know he had a choice about it. So I'm satisfied that Mr B knew what he was buying and that he chose to do so.

Mr B says that he was advised to buy the policy. CMC haven't said anything either way, so I'm happy to assume that what Mr B says is correct. This means that CMC had to make sure that the policy was suitable for him.

There's no copy of any suitability assessment because CMC haven't given us any papers to consider. So I've looked at whether the policy would've been suitable for Mr B at the time he bought it. I think that it was. I say this because:

- Mr B was eligible for the policy and I don't think he'd have been affected by any of the important terms such as those relating to existing medical conditions or self-employment;
- Mr B says he wasn't entitled to any sick pay. This would've made it hard for him to meet the repayments on his loan quite quickly if he couldn't work. I think that Mr B might've been entitled to some contractual sick pay as he was a civil servant, but even if he was the policy would've covered him in addition to this sick pay and for a lot longer;
- Mr B says he wasn't entitled to any contractual redundancy pay. Given his length of service in his job at the time of buying the policy I don't think Mr B would've got much statutory

redundancy pay either. So if he was made redundant I think he'd have found it difficult to meet his repayments;

- The cost of the policy was reasonable for the benefits it provided and I haven't seen anything which would suggest that it was unaffordable for Mr B;
- Although the policy was paid for as a single premium and therefore Mr B wouldn't have received a pro-rata refund if he'd paid his loan off early, I haven't seen anything to suggest that Mr B would've needed flexibility in this area.

The adjudicator thought that Mr B would've had to claim for unemployment for over 17 months to recoup the cost of the premium plus interest. But this was a miscalculation for which I apologise— it would've only taken 10 months. So I think the policy offered reasonable value for money.

I can't tell what information Mr B was given by CMC because they've chosen not to engage with this process. I can see from the copy of the credit agreement Mr B has given us that the cost of the policy was set out separately to the loan, as was the interest he would pay on it. But I can't tell what else Mr B was told. So it's possible that Mr B wasn't given important information that would've helped him make a decision about whether to buy the policy. But I have to consider whether this would've made a difference to Mr B's decision to buy it, and I don't think that it would've. I say this because I think that extra information would've just shown Mr B that the policy was suitable for him as I've previously described.

I don't think that Mr B has lost out as a result of anything CMC did wrong.

my provisional decision

I'm intending to not uphold Mr B's complaint and it would therefore follow that CMC Chesterfield Limited wouldn't need to do anything.

I will consider any further submissions made in writing by either party before 24 July 2015 before I make a final decision.

Sally Allbeury
ombudsman