

complaint

Mr P complained that he was mis-sold a loan payment protection insurance (PPI) policy by Wylie and Holland Motorcycles ("WHM").

background

I've attached my provisional decision from June 2015, which forms part of this final decision. In my provisional decision I explained why I didn't propose to uphold Mr P's complaint. I invited WHM and Mr P to send in any further comments or evidence they wanted me to consider by 27 July, before I reached a final decision. Both said they didn't have anything to add.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. As neither WHM nor Mr P provided further evidence or arguments for consideration, I've no reason to change the conclusions set out in my provisional decision. So I don't uphold Mr P's complaint.

my final decision

For the reasons I've explained, I've decided not to uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 September 2015.

Jan Ferrari
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr P complained that he was mis-sold a loan payment protection insurance (PPI) policy by Wylie and Holland Motorcycles (“WHM”).

background

Mr P bought the PPI policy in September 2006 when he bought a motorbike. WHM said that the sale took place during a meeting and that it advised Mr P to take out the policy. Mr P complained that he only took the policy because he thought he had to, and the policy wasn't discussed.

This was a single premium PPI policy, costing £1,075.48. The cost was added to the amount borrowed and repaid (with interest) over the 36-month term of the loan. The policy provided life, accident and sickness and unemployment cover for Mr P for the full 36 months. If Mr P had made a successful unemployment claim on the policy, it would've covered the loan repayments for up to 12 months in total. If he'd made a successful accident or sickness claim, it would've covered the repayments for up to 24 months for a single claim, or a maximum of 36 months overall.

Our adjudicator upheld the complaint because he didn't think Mr P met the employment conditions in the policy, based on what Mr P had told us. WHM disagreed, and asked for the complaint to be reviewed by an ombudsman.

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 the sale of PPI on our website and I've taken this into account in deciding Mr P's case.

I don't propose to uphold Mr P's complaint.

I have copies of the loan agreement and policy documents. The policy shows the conditions that Mr P had to meet to be eligible for the cover. From the information I have, Mr P met the age and residence conditions. The main issue was whether he met the employment condition – the policy said he had to be working at the time of the sale, and this was defined as “*Working in paid employment for at least 16 hours or more a week in the UK or in self-employment in the UK. You must also be paying the correct class of National Insurance contributions.*”

Mr P said he was a carer, and received allowances for this. Our adjudicator thought that this meant that Mr P wasn't working as defined in the PPI policy, so wouldn't have been eligible for the policy. This is why he upheld Mr P's complaint.

However, WHM said that it had recorded Mr P as being in paid employment when he took out the loan and PPI. We asked Mr P for more information, and he said that in September 2006 he was in paid employment (and working more than 16 hours a week) but was also a carer, and felt this was his main role.

From this I'm satisfied that Mr P met the employment conditions for the policy (and that his role as a carer wouldn't have affected this) and so he was eligible for the PPI cover.

I've also looked at the other aspects of the PPI sale.

The loan agreement shows that Mr P ticked a box and signed (separately from his signature for the finance) to say that he wanted the PPI. And the agreement states that the policy is optional, although I

accept that this could have been more prominent. The policy document also says the cover is optional.

As the sale took place in a meeting, I can't know how the adviser explained the PPI policy. And I don't have a copy of the demands and needs document that should have been completed. But overall, from what's in the loan agreement and policy document, I think it's most likely that Mr P had a choice about taking the PPI and agreed to do so.

WHM said it advised Mr P to take out the PPI, but Mr P didn't think it did. However, if WHM did recommend the cover, it had to make sure that the cover was suitable for Mr P. I think it was. Mr P told us that he was only entitled to statutory sick pay from his employer, and didn't have any savings to rely on. So I think Mr P could have found it difficult to meet the loan repayments quite quickly if he lost his job. I've kept in mind that Mr P said he received allowances as a carer, but I can't be certain how much they would have been, and I think he would have needed them for other living expenses. So I don't think he could've relied on them to cover the loan repayments.

Looking at the details of the policy I'm satisfied that the potential benefit reasonably exceeded the cost. I don't have any evidence to suggest that, at the point of sale, Mr P planned to repay the loan early so as to need flexibility of cover. I don't know how the adviser explained the policy, including what the policy didn't cover, but I don't think that Mr P would have been affected by any of these things.

Taking all of this into account, it seems to me that the PPI policy could've been of value to Mr P, providing cover he didn't otherwise have.

I have copies of the PPI policy documents, but I don't know for certain when they might have been given to Mr P, or how clearly the policy was explained by the adviser. The cost was set out on the loan agreement in terms of the premium, interest and total cost. It could have been good practice to show the monthly payment relating to the PPI, but I think there was enough information for Mr P to understand that the cost was being added to the amount borrowed and that interest would be charged on it.

Overall, I'm not satisfied that I have enough evidence to say that WHM mis-sold the policy. I think it was suitable for Mr P, and the cost was clearly shown on the loan agreement. Although I can't be certain how WHM explained the policy details, I don't think this would have affected Mr P's decision to take the PPI. This means Mr P is not worse off. So there's nothing WHM needs to do to put things right.

my provisional decision

For the reasons I've explained, I don't intend to uphold Mr P's complaint.

Jan Ferrari
ombudsman