

# FORSTER \ DEAN

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## PPI CLAIMS

### A HELP GUIDE FOR PEOPLE WHO HAVE BEEN MISS-SOLD PAYMENT PROTECTION INSURANCE

One of the areas in which Forster Dean are able to help clients is in relation to obtaining compensation for mis-sold Payment Protection Insurance.

Mis-sold PPI is the latest scandal to hit our high street banks and it is now costing them millions of pounds in compensation. For well over a decade, banks were talking their customers into taking out insurance policies that were not suitable for them. Sometimes the policies would never have paid out, and sometimes customers did not even know they had the policy! But it wasn't just banks. People may have taken out PPI when buying an item on shop arranged credit, such as a car or a sofa etc. I will therefore refer to the PPI provider.

Payment Protection Insurance can be a perfectly valid insurance product. It is usually linked to a loan, credit card or mortgage product and is designed to cover you if, for some reason, you become unable to make your regular payments, for instance due to accident, illness or redundancy. But as with any insurance policy, there are circumstances when the policy won't pay out, and there are some conditions of the policy that will make it unsuitable for some people and therefore pointless to take out.

The point is that the PPI provider should have carried out a proper assessment with their customer to ascertain whether the policy was suitable. If so, they could have advised the customer to take it – but they should also have advised that it was optional. If the policy was not suitable, the customer should have been told it was not suitable and the policy should not have been sold. Unfortunately, PPI providers regularly failed to carry out these assessments properly, and advised many customers that the policy was suitable and that they should take it.

More questionable practices included PPI providers telling customers that they wouldn't get their loan or credit card if they did not take out the policy. And in some cases, PPI providers arranged policies without even telling the customer. Why would they do this? Well, one unfortunate issue was that branches and staff members for PPI providers were often given commission for each policy they arranged. More policies equalled commission.

The cost of the PPI policy was usually spread across the term of the loan or credit which meant that interest was also paid on the policy. Sometimes, if people paid off a loan early, they also had to pay off the outstanding PPI premium until the end of the term – even though they wouldn't need it.

If a person has been mis-sold a PPI policy, they have a right to have the premium and any interest repaid, plus statutory interest on the amount they are owed. A complaint must be submitted to the PPI provider who must then investigate and

provide their decision: either the policy was mis-sold or it was sold correctly. In dealing with PPI claims I have noticed a distinct trend with most of the claims which is that the provider will initially say that they have investigated the claim fully but that the policy was not mis-sold and that they are satisfied that mis-selling would not have taken place. However, they are very non-specific and tend not to disclose any of the 'evidence' they have considered.

However, when pushed further they seem to change their mind. It often appears that their initial denial is made in the hope that the customer will accept their response and drop the complaint. There is some evidence that has in fact been a policy at a complaint centre set up by Lloyds TSB, as discussed in this report from the BBC – <http://www.bbc.co.uk/news/22851346> In two cases in the past two weeks, I have refused to accept the initial response from two well known banks. I pushed them further and they suddenly changed their mind. They then agreed to pay out over six thousand pounds in compensation.

In cases where a person is not satisfied with the final decision of an institution, the case can be referred to the Financial Ombudsman Service. *The Ombudsman finds in favour of the customer and against the bank in around 78% of cases!* (<http://www.bbc.co.uk/news/uk-23327349>). *This means that in nearly eight out of ten cases, the PPI provider is wrong when it concludes that a policy was not mis-sold.*

Our experience of handling PPI claims shows that:-

- If you do not know whether you have any PPI, you can find out;
- Even if a policy is now closed, your claim can succeed;
- Even if your policy was over ten years ago, your claim can succeed;
- PPI providers usually say 'no' at the first instance but if pushed they sometimes change their mind and the Ombudsman finds that 78% of PPI providers' original decisions are wrong.

People should not hesitate to claim if they think they may have been mis-sold. For every mis-sold policy, a person has been conned out of their money by a PPI provider. People could have been conned out of hundreds or even thousands of pounds.

If you had or you think you may have had a PPI policy and you are considering whether to make a claim, please call and we will be happy to help answer any queries you may have. If you have a potential claim then we will be able to take on your case on a no win, no fee basis.

Contact us FREE on **0800 389 1978** or email  
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