



Warning over PPI small print

July 12th, 2012

By Amy White

People taking on an unsecured loan with payment protection insurance (PPI) should make sure they read the small print before signing up.

This is the advice of Jonathan Davis, founder and managing director of Jonathan Davis Wealth Management, commenting on the PPI mis-selling scandal.

Mr Davis said this is essential step for consumers considering such protection, claiming banks have not improved their sales techniques despite the trouble the issue has caused in recent years.

Moreover, he argued, the real problem is that people are too quick to borrow and would be better off avoiding the need to take a loan and consider the PPI question at all.

"If you saved for it and then built up the lump sum to buy it you wouldn't have to borrow in the first place," he remarked.

Many consumers who did take out PPI are trying to claim it back via claims firms, even though they can do it for free via the Financial Services Authority.

Building Societies Association chairman David Webster has claimed such firms should be regulated more, claiming 57 per cent of claims made against mutuals have been for loans on which PPI was never even taken out.