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A payment protection plan, in short, is a means by which you protect your investment or purchase. In the case of your mortgage, a payment protection plan is insurance you take out to protect you from events that would affect you financially and leave you unable to pay your mortgage. PPI are sold with credit-cards, loans, mortgages, store cards and other financial products and they are assumed to coat the refunds during accident, joblessness or sickness or any health problem of nonpayer that prevents him from working.

Payment protection insurance can be taken out in many forms depending on what is suitable for your needs. If you wish then you are able to cover your essential outgoings by way of income payment protection. If your mortgage is your biggest worry then you could consider taking out a mortgage payment protection policy. If you do not want to risk getting into debt with loan/credit card outgoings then you should look at taking out loan payment protection. All forms of PPI would allow you an income each month after becoming unemployed, suffering illness or accident that kept you from working.

Do I Need Payment Protection Insurance?

This is a tricky question because nobody NEEDS insurance. First of all, remember thatpayment protection insurance is not compulsory and you do not have to buy it alongside your loan, credit card or mortgage. However there's a big problem. Recent years have slated PPI as being mis-sold and thus being worthless for millions of people. This means that certain people were being sold it under false pretences resulting in many people not even being eligible to use it. It's important that whoever offers you the insurance Policy must fully explain the terms and conditions such as If you are a student, retired, self-employed, already unemployed or have certain medical conditions then you are not eligible to make a claim.

How do you make a PPI claim?

In all cases, you will have to validate your claims. Write to your bank, requesting a refund. After they have said no, you need to write again and threaten them with "FOS" - the Financial Ombudsman's Service. Once you have written a complaint you should send it to your bank and they have a maximum of 8 weeks to respond. There are online claiming agents who will help you with writing the claim. Not only will they have all the experience to claim back your payments, they will also deal with the claims departments at the banks on a day to day basis.

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