

The complaint

This complaint is about a monthly premium payment protection insurance (PPI) policy taken out in 2007. Mr M says HSBC UK Bank Plc mis-sold him the PPI.

What happened

Mr M complained to this Service. Our adjudicator rejected his complaint. Mr M disagreed with our adjudicator's view and asked for the matter to be looked at again.

Mr M added - through his representative - that he didn't need PPI and it was not made clear to him that it was an optional product.

What I've decided – and why

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 M's case.

I've decided the policy wasn't mis-sold because:

- I think HSBC made it clear that Mr M didn't have to take out the PPI because he most likely had to sign separately for it and he probably chose to take it out – although I can understand why he may not remember this.
- Neither party can say if the sale was advised or not so I will assume it was an advised sale as this carries a higher evidential burden for HSBC to prove. For advised sales, HSBC had to check that the PPI was right for him and, based on what I've seen of his circumstances at the time, I think that it was. For example he wasn't affected by any of the exclusions to or limits on the PPI cover and he seems to have had a need for the cover.
- It's possible the information HSBC gave Mr M about the PPI wasn't as clear as it should have been. But he most likely chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. It also looks like it was affordable. So I don't think better information about the PPI would have put him off from taking out the cover.
- Which means HSBC doesn't have to pay back all of the cost of the PPI to Mr M.

But HSBC has paid back *some* of the cost of the PPI to Mr M because:

- HSBC got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr M about that. Because HSBC didn't tell Mr M, that was unfair.
- To put that right, HSBC has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

I've thought about everything Mr M has said - including what he said about not needing PPI because he had health care and income protection policies in place. But I have looked at what Mr M told us and HSBC - and I agree with our adjudicator. I think the income protection policy would have given him a reduced income and the health care policy most likely gave protection in different ways than the PPI. I think the PPI was probably still of benefit to him. So these points don't change my decision.

My final decision

The PPI policy wasn't mis-sold – so HSBC UK Bank Plc does not have to pay back all of the cost of the PPI to Mr M.

But HSBC UK Bank Plc does have to pay back to Mr M any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 January 2020.

Amrit Mangra
Ombudsman