

## The complaint

Mr H says HSBC Bank Plc mis-sold him a payment protection insurance (PPI) policy for his mortgage.

## What happened

This complaint is about a PPI policy sold in December 1996 to cover a mortgage. It was paid for with a regular monthly premium, which didn't attract interest.

I sent Mr H and HSBC a provisional decision on 13 July 2020, to explain why I didn't think the complaint should be upheld. In that decision, I said:

*From the correspondence between Mr H's solicitors and HSBC, I can see that he did have a mortgage to protect.*

*Neither side still have the original documents from the sale of the PPI, which I think is understandable given just how long ago it was, and given that the insurance has long since closed. Indeed, under data protection rules, HSBC were required to dispose of unnecessary data rather than hold onto it for too long. Mr H doesn't remember choosing PPI, but I also think that's understandable given that buying insurance is not often memorable, memories fade over time, this sale was particularly long ago, and that he no longer recalled taking out the mortgage either. I've thought carefully about what's most likely to have happened based on the limited information I have.*

*It would have been a very serious failing for HSBC to have misled Mr H into having PPI. And I have no evidence which shows that's what HSBC did here. Nor have I seen any wider problems with their sales process from the time. And this particular sale was too long ago for me to reasonably expect HSBC to be able to produce the sale documents to defend itself now. So I don't have a fair basis on which to conclude that HSBC misled Mr H here. I think it's more likely that they followed a relatively normal sales process, offered him a choice, and that he chose PPI at the time – though I can completely understand if he no longer recalls doing so after such a considerable length of time.*

*It's not clear whether HSBC recommended the PPI to Mr H or not. The requirements were stricter on HSBC if they did recommend it, so to be fair to Mr H, I've assumed they did. That means HSBC had to check the PPI was right for him – and based on what I've seen of his circumstances at the time, it seems it was. For example, it looks like Mr H was eligible for the cover and wasn't affected by any of its main exclusions or limitations.*

*While Mr H had some benefits through work, the PPI would've paid out on top of those and offered him more comprehensive cover. He also may have had some savings, though understandably it's not now clear how much those were worth, or how accessible they were, or whether they were needed for other things. In any case, the PPI meant he could effectively protect his savings and use them for other things. And the mortgage was a very significant, long-term commitment. There was no guarantee that Mr H would have the same benefits or savings in the years to come, and if he fell behind on the repayments he could've lost his home. So the PPI could've really been useful for him in protecting his home and providing some peace of mind.*

*Since there's no longer evidence of exactly what was said at the sale, it's possible that the information HSBC gave Mr H about PPI wasn't as clear as it should've been. The question, then, is whether I think better information was likely to have changed his mind. But as I explained above, Mr H wasn't affected by any of the main things the policy didn't cover, and it could've really been useful for him in case something went wrong. The policy was competitively priced given how much it would pay out in a claim, and it looks like it would've been affordable. And the PPI was paid on a rolling monthly basis, so Mr H could cancel it at any time without a penalty. Overall, I don't think that better information was likely to have put him off taking out the cover.*

I said I'd consider anything else anyone wanted to give me – so long as I received it by 10 August 2020. HSBC had nothing further to add, whereas Mr H made some further points, which I'll discuss below.

### **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.

Mr H questioned why the joint account holder wasn't included in the policy, and whether this meant that the policy only covered half the mortgage or should've cost half as much.

To clarify, in joint mortgages, it is not the case that each party is responsible for only 50% of the mortgage – though I understand this is a common misconception. In a joint mortgage, both parties are fully responsible for the whole mortgage. So, for example, if one party went missing or passed away, the other party would still have to repay 100% of the mortgage.

For this PPI policy, the customers could choose to either cover both people named on the mortgage (assuming both were eligible), or only one. So the reason why the joint party wasn't covered here would've either been because they weren't eligible for PPI or because they and Mr H chose to only cover Mr H. Since we don't have the documents from the time, I can't say for certain which reason it is, but I can say that only covering one party is really quite normal – it is not an indication that the policy was mis-sold. Mr H would've still had full cover under the policy.

Mr H also suggested that HSBC's administrative issue with the land registry may suggest that they had issues in selling the PPI, too. But the sale of the insurance and the administration of the registry were two very different things which had little to do with each other. So while I understand where Mr H is coming from, I cannot fairly conclude that a policy was mis-sold just because there was an unrelated administrative issue elsewhere.

It is possible that HSBC made some errors in the sale – neither side have the original documents from the time, so I can't say for certain that *no* mistakes were made. But as I explained in my provisional decision, it looks like this policy would've been useful for Mr H

based on what I've seen of his circumstances, and I don't think better information about it was likely to have put him off taking it out. And I've not found any other reason to say that this policy was mis-sold.

### **My final decision**

For the reasons I explained, I don't uphold Mr H's complaint about HSBC Bank Plc in this particular case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 September 2020.

Adam Charles  
**Ombudsman**