

complaint

Mr D says HSBC Bank Plc (“HSBC”) mis-sold him a payment protection insurance (“PPI”) policy.

background

Mr D bought the policy in 1999 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Our adjudicator didn’t uphold the complaint. Mr D disagreed with the adjudicator’s opinion so the complaint has been passed to me.

my findings

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 D’s case.

I’ve decided not to uphold Mr D’s complaint. I’ve explained why below.

- Mr D’s told us he didn’t know he had the policy. But looking at the loan agreement, I can see the cost of the policy is set out separately from the main part of the loan. And Mr D’s also signed a separate declaration to say he decided to take out the policy. So I think Mr D did chose to take out PPI. And there’s nothing to suggest this wasn’t a free choice.
- HSBC recommended the PPI to Mr D, but it doesn’t look as if it was unsuitable for him based on what I’ve seen of his circumstances at the time. The policy could’ve paid out for longer than his sick pay would’ve lasted and would also mean he wouldn’t have to rely on his family to pay his commitments. Mr D’s also told us that he’d only been in his job for 16 months. So if he lost his job, I think it’s unlikely any redundancy payment would’ve been so large that the policy couldn’t be useful.
- The cost of the policy was shown – including the amount of the premium, the interest payable on the premium and the total cost. The monthly cost of the policy was also shown. So I think Mr D would’ve understood how much the PPI would cost if he kept the policy for its full term. I also think that Mr D could’ve afforded it.
- Given how long the policy could’ve paid out for, if Mr D made a successful claim he could’ve got back quite a bit more than what he paid for it.
- Mr D would’ve received a limited refund of the PPI premium if he cancelled the policy early. I don’t know if HSBC thought about this when it recommended the policy, or if it explained the situation clearly enough to Mr D. But I’ve seen nothing to suggest he thought he would repay the loan early. So I don’t think this made the policy unsuitable, or that better information about this would’ve stopped him buying it.
- It’s possible HSBC didn’t point out the main things the policy didn’t cover. But it’s unlikely Mr D would have been affected by any of these.

I've taken into account Mr D's comments. But these points don't change my conclusion.

my final decision

For the reasons set out above, I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 29 March 2016.

Matthew Bradford
ombudsman