

complaint

Miss C says HSBC Bank Plc mis-sold her a payment protection insurance (“PPI”) policy.

background

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

I issued my provisional decision in February 2016.

I said that I didn’t think I should uphold Miss C’s complaint. I’ll explain why below.

Miss C says she took her loan out during a meeting with HSBC. HSBC doesn’t have any of Miss C’s original paperwork now – but I didn’t think this was surprising given how long ago the loan was taken out. HSBC has provided an example of the loan agreement it says Miss C would have seen and completed. The example agreement sets out the details of the PPI separately from those of the loan. It also includes a separate page about the PPI, which needed to be signed to take it out. So if Miss C completed this agreement when she took out her loan, I thought she would’ve been aware that the PPI was optional and that she would’ve had to agree to take it out.

Miss C has said she was told she had to take out PPI to get a loan, and I took this into account. I didn’t know for certain what she was told, or what documentation she completed. But looking at everything, I thought it was most likely she was given a loan agreement along the lines of the example that HSBC has provided. And I thought this would’ve made her aware of the PPI and asked her to confirm that she wanted to take it out.

Miss C has said that HSBC recommended the PPI to her, but I didn’t think it looked as if it was unsuitable for her based on what I’d seen of her circumstances at the time. She’s told us she wouldn’t receive any sick pay from her employer if she was too ill to work, and she didn’t have any other means to personally meet her repayments if she lost her job. So I thought the policy could’ve been useful.

From the information I’d seen, I thought it was likely that Miss C was made aware of the cost of the policy – including the amount of the premium, the interest payable on the premium and the total cost. So I thought she would’ve understood how much the policy would cost her if she kept it for its full term. And I thought that she could afford it.

Miss C would have received a limited refund of the PPI premium if she cancelled the policy early. I didn’t know if HSBC thought about this when it recommended the policy or explained the situation clearly to Miss C. But I didn’t see anything to suggest that Miss C thought she would repay the loan early. So I didn’t think this made the policy unsuitable or that better information about this would’ve stopped her buying it.

I said that it’s possible HSBC didn’t point out the main things the policy didn’t cover. But I thought it was unlikely that Miss C would’ve been affected by any of these. She’s told us she was in good health when she took the policy out and there’s nothing about her employment situation that made me think it would’ve been difficult for her to make an unemployment claim.

Miss C's and HSBC's responses to my provisional decision

Neither party responded to my provisional decision with any further comments or evidence for me to consider.

my findings

I've reconsidered 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 Miss C's case.

Neither Miss C nor HSBC has responded to my provisional decision with any further comments or evidence for me to consider. And having looked at everything again, I see no reason to depart from the conclusions set out in my provisional decision and above.

my final decision

For the reasons I've explained, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 8 April 2016.

Kyley Vernon
ombudsman