

complaint

Mr C says he was mis-sold a regular premium mortgage payment protection insurance (PPI) policy by HSBC Bank Plc (HSBC).

background

In 1998 Mr C took out a mortgage with HSBC. At the same time he took out a regular premium PPI policy to cover his repayments if he was unable to work due to accident or sickness or lost his job.

In 2001 Mr C took out a further advance on his mortgage and increased his PPI cover to take account of the extra borrowing.

Our adjudicator didn't think the complaint should be upheld because he didn't think there was enough information to show that the PPI wasn't presented as optional and thought that the policy would've been of benefit to Mr C.

Mr C disagreed. He says he didn't think he would get the mortgage without the insurance.

So the complaint has come to me for a decision.

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 this case.

I've decided not to uphold Mr C's complaint.

Both sales took place over 12 years ago so unsurprisingly there is very little information available from the time of the sales. So I've had to proceed on the basis of what information I have and what I think is most *likely* to have happened.

Mr C says he thought he had to take the PPI to get the mortgage. But he hasn't given us much detail about why he thought this which is understandable considering the amount of time that has passed. HSBC have given us a copy of the personal financial planning review that was completed for Mr C when he applied for the first mortgage. I can see from this document that his circumstances were considered and PPI was recommended to him.

But I can't tell from this exactly what was discussed about PPI or how it was presented.

HSBC say the PPI was a standalone policy and not linked to the mortgage. It says to take out PPI a separate application would've had to be completed. HSBC have given us two sample PPI applications – one that dates from before the first policy was sold and one from just before Mr C topped up his policy. HSBC say the sample applications would've been similar to the PPI applications Mr C would've completed.

I have looked at the sample application forms and though slightly different from one another I can see they are both separate application forms and aren't linked to a mortgage. Both have

a section which shows the amount of monthly benefit selected and both require a signature to confirm that PPI is wanted.

Because Mr C had PPI I think it's likely he completed an application form similar to the samples given and I think he would've done so because he wanted the cover. I don't think either application form presents PPI as if it isn't optional. So I've not seen enough to say that he wasn't given a choice or that he didn't agree to take PPI on either occasion.

This was an advised sale. What this means is that HSBC not only had to provide information about PPI in a clear, fair and not misleading way so that Mr C could make an informed choice about buying PPI. It also had to make sure that if it were to recommend PPI that the policy was suitable for Mr C's needs and circumstances.

I don't know if HSBC did take all the steps it should've. But I think the policy was a suitable recommendation for Mr C for the following reasons:

- He was eligible for the policy and although Mr C was self-employed it doesn't look like it would've been any more difficult for him to claim on the policy than it would've been for an employed person. And he wouldn't have been caught by any of the other main exclusions in the terms and conditions of the policy which could've made it difficult to make a successful claim.
- Mr C says he wasn't entitled to any sick pay but as he was a shareholder in a company he would've received benefits. But the policy would've paid out on top of any benefits and covered him for up to 12 months if he was unable to work due to accident or sickness or if he lost his job.

So I think the policy would've provided a useful benefit to Mr C in his circumstances especially considering he was taking on a significant and long term financial commitment. Given the implications if he was unable to meet his repayments I think Mr C would've been interested in protecting them.

- The policy was competitively priced and there was nothing to suggest that the policy wasn't affordable to Mr C at the time. And if he decided he no longer wanted the policy he could cancel it.

I also need to consider whether HSBC gave Mr C information in a way which was clear, fair and not misleading so that he could make a proper choice about whether or not he wanted to take the policy out. I don't know if HSBC did give all the information as it should've. But for the same reasons that the policy was suitable and based on what Mr C has told us about his circumstances at the time, I think he would've still taken out the PPI policy if he'd been given all the proper information.

So this means Mr C isn't worse off as a result of any wrong doing by HSBC.

my final decision

For the reasons I've explained I do not uphold Mr C's complaint against HSBC Bank Plc.

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

Caroline Davies
ombudsman