

## **complaint**

Mr P and Mrs D complain that two mortgage protection plans were mis-sold to them by HSBC Bank plc. They are being helped with their complaint by a representative.

## **background**

Mr P and Mrs D arranged loans from HSBC in 2001 and 2003. They took out HSBC mortgage protection policies to protect those loans. The policies provided decreasing term assurance with critical illness cover. They complained to HSBC in 2012 that the policies had been mis-sold to them and that they included mortgage payment protection insurance. They were not satisfied with HSBC's response so they complained to this service in 2015.

The adjudicator did not recommend that this complaint should be upheld. He concluded that: the policies were not a requirement of the loans; they provided suitable protection for Mr P and Mrs D; their employment benefits did not provide suitable protection; and the policies were not mis-sold to them. He also concluded that the policies did not include mortgage payment protection insurance.

Mr P and Mrs D's representative has asked, on their behalf, for this complaint to be considered by an ombudsman. Mr P and Mrs D say, in summary, that: HSBC recorded that they were in severe financial difficulties but they were sold the most expensive life insurance and that the policies were sold to give HSBC maximum profit - not for their personal interest.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I am satisfied that the policies do not include mortgage payment protection insurance. Although Mr P and Mrs D say that they understood that the policies were required as a condition of their loans, I have seen no other evidence to show that the policies were required by HSBC. It was a requirement of the loans that they were secured by a charge on Mr P and Mrs D's home though.

I generally consider that life assurance is an appropriate recommendation to be made to someone who is taking out loans which are secured on their home. The life assurance pays the sum assured if the policyholder should die. That money can then be used to repay the loan so avoiding the need to sell the secured property. The duration, sum assured and other key terms of the policies were largely consistent with the terms of the loans. So I find that the policies were suitable recommendations for HSBC to make to Mr P and Mrs D at the times that the policies were taken out.

Mr P and Mrs D say that they had employment benefits which made the life assurance policies unnecessary. But I do not consider that their employment benefits would have provided suitable protection for a mortgage. That is because they are only payable for so long as the employment continues (and even if the employment continues, there are circumstances in which benefits might not be payable). Mr P and Mrs D say that they would have been able to deal financially with a death or critical illness. But they have provided no evidence to show how they would do so.

So I find that HSBC recommended to Mr P and Mrs D policies that were suitable for them. The policies were not required as a condition of the loans so it was Mr P and Mrs D's choice as to whether or not they took out the policies. The premium that it charged for the policies was a commercial decision for HSBC. This service does not normally interfere with an insurer's legitimate commercial decisions. And I see no reason to interfere with HSBC's commercial decision in these circumstances.

I am not persuaded that HSBC has acted incorrectly in connection with the sale of the policies to Mr P and Mrs D. And I do not consider that the policies were mis-sold to them. So it would not be fair or reasonable for me to require HSBC to refund to Mr P and Mrs D the premiums that they have paid for the policies or to take any other action in response to their complaint.

### **my final decision**

For these reasons, my decision is that I do not uphold Mr P and Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P and Mrs D to accept or reject my decision before 18 February 2016.

Jarrold Hastings  
**ombudsman**