

## **complaint**

Mr and Mrs L complain that HSBC Bank plc mis-sold them four separate term assurance plans with critical illness cover. They were told they had to have the cover with HSBC so they would get the mortgage they wanted.

## **background**

In mid 2003, Mr and Mrs L were looking to move their mortgage to HSBC and borrow an extra amount through an equity release loan. They started a term assurance policy with critical illness cover for the total amount they wanted to borrow.

Later that year, Mr and Mrs L applied for a further equity release loan. They cancelled their term assurance policy, and started two new policies. One was to protect their main mortgage and the other to cover their new loan.

In 2004 spoke to HSBC about taking out another equity release loan. The advisor looked at their existing term assurance policies. But they didn't give Mr and Mrs L enough cover to protect the amount they wanted and one was over a shorter term. So Mr and Mrs L cancelled that policy and the advisor recommended they take out a new policy to match the loan amount. However, no premiums were paid to this particular policy and it lapsed.

In 2014, Mr and Mrs L complained. They said that they'd been told they had to take out life cover with HSBC so that they would be accepted for their mortgage loans.

HSBC said it hadn't given Mr and Mrs L any advice when they took out the first three of their policies. Having life cover wasn't a requirement of any of the mortgages Mr and Mrs L had. They were free to take out cover through any provider of their choice. HSBC said the policies had no bearing on its decision making process when approving a mortgage application.

Our adjudicator didn't think Mr and Mrs L's complaint should be upheld. He said that as no advice was given on the first three policies he couldn't say that Mr and Mrs L were told that they had to have these policies. They were responsible for making sure the cover was suitable for their needs. For their last policy, the adjudicator said it was a suitable recommendation for Mr and Mrs L's circumstances.

Mr and Mrs L didn't accept the adjudicator's findings. They were told verbally that they had to take out this cover with HSBC.

## **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've looked at all of the details HSBC has provided about Mr and Mrs L's applications for the first three of these policies. I haven't seen anything to suggest that having life cover through HSBC was a condition of the mortgages they were applying for. This isn't mentioned on any of the mortgage offers or agreements.

They were given the information about the cover the policies would provide and made the decision themselves about whether they were right for them. HSBC didn't give them advice about their suitability for their needs.

Mr and Mrs L did get advice for the last policy in 2004, when they were looking to borrow an extra amount on their mortgage. The advisor looked at the two policies they had in place at the time, but these didn't give Mr and Mrs L enough cover for the total of the new borrowing. One of the policies also had a shorter term than the length of the mortgage. So this policy was cancelled and a new policy was started which matched the total borrowing.

There is nothing in the available documentation to say that they had to take out life cover to get this loan, or that this had to be through HSBC. But, after looking at Mr and Mrs L's particular circumstances, I don't think it was an unreasonable recommendation for them to protect their ability to repay the mortgage if either of them died, or was diagnosed with a critical illness.

The additional loan Mr and Mrs L applied for didn't go ahead in the end, and they didn't pay any premiums towards the term assurance policy. So Mr and Mrs L haven't been financially disadvantaged by applying for it.

Overall, I think that Mr and Mrs L made their own decision about whether to begin the first three of their term assurance policies and the fourth policy lapsed as no premiums were paid for it.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 13 November 2015

Cathy Bovan  
**ombudsman**