

complaint

Mr S complains that HSBC Bank Plc mis-sold him a payment protection insurance (“PPI”) policy.

background

Mr S bought the policy in 2005 at the same time as taking out a credit card. Although HSBC couldn't confirm how he'd applied for his credit card Mr S told us he completed an application at an HSBC branch. So, to be as fair as possible to Mr S, I've looked at his complaint on the basis that this is what happened – and that HSBC would've recommended PPI to him in these circumstances.

Our adjudicator didn't recommend upholding the complaint. Mr S disagrees with our adjudicator's view.

Mr S mainly complains that he didn't want or need PPI. He told us that his application was done in less than 10 minutes and nothing was explained.

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 S's case. I think that HSBC didn't mis-sell the PPI policy to Mr S.

When Mr S disagreed with our adjudicator and asked for an ombudsman to look into the complaint, he told us he recalls being told to fill in and sign all relevant boxes for a better chance of having his application accepted. So I've thought carefully about this new information as well – but it doesn't change my view overall. I'll explain how I've reached my decision.

It isn't reasonable to expect Mr S to remember exactly what was discussed when he took out PPI so long ago – and he told us he doesn't recall everything. This means that what he says isn't enough on its own for me to be able to uphold this complaint just based on the way Mr S says he was sold PPI. I have to look at all the available information and decide what I think is most likely.

HSBC no longer has anything signed by Mr S that shows how he took out his credit card with PPI. But, from looking at other cases, we know about the way HSBC sold PPI to people applying for a credit card around this time. And we've also seen some sample credit card application forms it used. Based on all the information I've seen, I think that Mr S would've had to say if he wanted to have PPI when completing his credit card application – and he would've also had to sign separately to get the policy.

So, I don't think the evidence is strong enough for me safely to say that Mr S didn't know he had a choice about having PPI or that he didn't ask to have PPI added to his account, just based on what Mr S says.

I think it's likely that HSBC made Mr S aware that the PPI was optional and that he chose to take it. But I can understand why, so many years later, he may not remember this.

It looks as if PPI was suitable for Mr S based on what I've seen of his circumstances at the time. It's unclear how much sick pay he could've relied on getting – if any. The policy would've paid more than his minimum credit card repayments (on top of any sick pay) for up to 12 months if he couldn't work, giving him a useful benefit at a difficult time. And it would've also covered Mr S in the event he lost his job unexpectedly and was out of work.

Although Mr S mentioned having a four figure amount of savings, I can't be sure he would've always had savings to rely on if he wasn't able to work.

And Mr S mentioned that he took out this credit card to pay for essentials like rent and household bills. So it appears that he might've preferred to keep any savings intact and spend on a credit card instead. In these circumstances, I can see why Mr S might've wanted to take out PPI to avoid the risk of having to use savings to make his credit card repayments. Overall, I think the policy would've suited his personal circumstances at the time.

It's possible some of the information HSBC gave Mr S about the PPI wasn't as clear as it should've been. But it's unlikely Mr S would've been affected by any of the main things the policy didn't cover. So I don't think knowing more about what the policy didn't cover would've stopped him buying it.

I don't know if the PPI cost was made clear to Mr S when he bought the policy. But from what I've seen, Mr S hasn't suggested that he couldn't afford the monthly premiums.

Overall, it's possible there may have been some failings in the way this policy was sold. But Mr S chose to take it out - so it looks like he wanted this type of cover. And it seems like it would have been useful for him if something went wrong. So I don't think better information about the PPI would have put Mr S off taking out the cover.

This means HSBC doesn't have to pay back all of the cost of the PPI to Mr S.

But HSBC has paid back *some* of the cost of the PPI to Mr S because:

- HSBC got a high level of commission and profit share (more than 50% of the PPI premium) - so it should have told Mr S about that. Because HSBC didn't tell Mr S, that was unfair.
- To put that right, HSBC has paid back the amount of commission and profit share that was above 50% of the PPI premium - and I think that is fair in this case.

my final decision

The PPI policy wasn't mis-sold – so HSBC Bank Plc does not have to pay back all of the cost of the PPI to Mr S.

But HSBC Bank Plc does have to pay back to Mr S any commission and profit share it got that was more than 50% of the PPI premium. I understand it has already done this, so I don't award any further compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 10 January 2019.

Susan Webb
ombudsman