

## **complaint**

Mr J has complained about a 'Flexilife' life and critical illness policy he was sold alongside a mortgage by HSBC Bank Plc. He says he was incorrectly told he had to take out the policy to get the mortgage and he's also unhappy the policy's monthly premiums have increased.

## **background**

Mr J met an adviser in 2006. He was recommended the life and critical illness cover on a decreasing basis. The policy was intended to protect the mortgage Mr J was taking out at the same time.

Our adjudicator didn't think Mr J's complaint should be upheld. He didn't feel the evidence supported Mr J's assertions that the adviser misled him into thinking he had to take out the policy with his mortgage. He noted that the mortgage offer document didn't say life cover was a requirement of the mortgage.

The adjudicator highlighted that the policy terms matched the mortgage. So if Mr J had passed away it would've paid off the balance. This would've removed any financial burden from his family members and let them keep possession of the property.

The adjudicator noted that at the time of sale it was recorded that Mr J wanted a policy where the premiums were subject to reviews. The adjudicator wasn't persuaded the adviser told Mr J that any increases in premiums would be small.

Mr J didn't agree with the adjudicator's findings. He reiterated that he was told he had to take out life cover with his mortgage. He also remained unhappy that the premium increases weren't as small as the adviser said they'd be.

As no agreement could be reached the matter's been referred to me to review.

## **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 note Mr J's recollections of the sale of the policy. But there's nothing in the documentation that supports him having been told that the life and critical illness cover was a condition of HSBC lending to him. The mortgage offer said "You are not required to take out any insurance through HSBC". It seems that the only insurance that was conditional in any way was buildings insurance, which is standard.

It may be that the adviser was very persuasive in how he explained the benefits of the cover to Mr J. But protecting a mortgage is a sensible and very common precaution. And importantly, the recommended cover appears to have matched the mortgage borrowing. It was also noted that protection was a priority for Mr J.

The premiums of the Flexilife plan were subject to annual reviews, which could result in an increase, or decrease. These reviews were a feature of the policy because of its flexible nature; it could be adapted to meet changing future needs. The adviser noted at the time that this was something that Mr J saw as a benefit, preferable to a policy with fixed premiums. And it's worth noting that since the policy started ten years ago the monthly premiums have actually only increased overall from £140 to £142.

In summary, I think the policy recommended to Mr J appears to have been generally suitable for his circumstances at the time. While I can't be sure exactly what was said to him, the documentation does in my view suggest that it's more likely than not the policy was fully discussed. This would've enabled Mr J to make an informed decision about whether to proceed.

I note Mr J has subsequently raised some concerns about the way HSBC handled his complaint. But having considered the timeline of events and how Mr J was responded to by HSBC, I'm satisfied it dealt with the complaint in a reasonable manner.

**my final decision**

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 January 2017.

James Harris  
**ombudsman**