Financial Ombudsman Service

complaint

Mr M complains that HSBC Bank Plc (‘HSBC’), mis-sold him a mortgage payment protection insurance (“PPI”) policy in 1999. The policy was cancelled in 2007 when the mortgage was redeemed.

background

The complaint was looked at by an adjudicator who didn’t think that Mr M’s complaint should be upheld. Mr M didn’t agree with this and asked for the case to be reviewed.

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 explained our approach to complaints about PPI on our website, and I’ve used this approach in this case.

Having considered all the available evidence and arguments, I’ve found that:

- HSBC appear to have recommended the PPI to Mr M. This meant it needed to make sure the policy was suitable for him. And it needed to give him the information he needed to decide whether to take it out.
- Mr M was eligible for the PPI as he met the policy rules about his age, where he was living and his employment status.
- HSBC has said that Mr M would have been given a choice about whether to take out the policy. In this case I note that the mortgage application was a separate form to the application for the PPI. This may have suggested the two things were separate matters, but that would have depended on how it was explained to Mr M at the time. I have considered the letter to Mr M dated 9 Sep 1999 which explains the recommendations that were made to him. Having considered all the submissions in this case, I think it more likely that Mr M was told he *should* take the policy rather than he *had to* take the policy out. And for the reasons given in this decision I do not consider that was an unsuitable recommendation.
- There were some things the policy didn’t cover. But Mr M wouldn’t have been affected by any of those.
- It’s possible that HSBC could have made the information about the costs and benefits clearer. But looking at Mr M’s circumstances at the time, the cost and the level of benefit, I think the policy could’ve provided a useful benefit to him.
- At the time of the sale Mr M was taking on a financial commitment secured against his home. The home had been mortgage free before the divorce and Mr M was 57 and borrowing money he had a short time to repay before retirement. As such, I consider that the policy provided Mr M with a useful additional benefit over and above his employment benefits and any other means he had to protect his home in the event that it was necessary for him to make a claim. I’m not persuaded Mr M would have avoided protecting his repayments, for a cost of around £18 per month, given the serious consequences of defaulting on a debt secured against his home.

I’ve carefully reviewed all of the information provided to me. As a result I’m not persuaded, for the reasons given above, that the policy was mis-sold.

my final decision

I don’t uphold this complaint against HSBC Bank Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 15 February 2016.

Douglas Sayers
ombudsman