

complaint

Miss N says HSBC Bank Plc mis-sold her a payment protection insurance (PPI) policy.

background

Miss N bought the policy in 2001 at the same time as taking out a loan. The loan included an amount to pay for the policy.

Miss N says she took out the loan during a meeting. HSBC hasn't been able to give me any information about how the policy was sold. But knowing how HSBC typically arranged these loans and policies, I think it's likely that during the application process Miss N would've visited a branch. So I think Miss N is probably right about a meeting taking place.

Our adjudicator didn't uphold the complaint. Miss N disagreed with the adjudicator's opinion so the complaint has been passed to me.

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 Miss N's case.

I've decided not to uphold Miss N's complaint. I'll explain why.

Miss N says the PPI was added to the loan without her consent and that there was no mention of PPI during the meeting. But I think it's more likely that HSBC made Miss N aware the PPI was optional and that she chose to take it out. HSBC hasn't been able to give me any documents from the time of sale. This isn't surprising because the sale took place around 15 years ago. But HSBC has given me a sample credit agreement and a sample "creditor protection declaration" document, which it says would've been used at the time. I've no reason to think that HSBC didn't use these documents or similar documents when it sold the policy to Miss N.

Miss N's recollections are understandably limited given the sale took place a long time ago – she's told us she isn't able to remember much about what happened. As the sale took place in a meeting, I don't know how the adviser would've explained the PPI to Miss N. But the "creditor protection declaration" document makes me think it's likely that Miss N would've had to sign to say she wanted the policy – separately to where she signed for the loan. And while I've carefully considered what Miss N has said about the meeting, there's not enough for me to think HSBC didn't follow its sales process. So, I think it's more likely that Miss N did consent to taking out the policy.

I think HSBC recommended the PPI to Miss N, but it doesn't look as if it was unsuitable for her based on what I've seen of her circumstances at the time. I've taken into account Miss N's comments, including what she's said about an insurance policy she would've had in place at the time. But she's told us she doesn't have any information available about that policy. So I don't know if it would've provided similar cover to the policy HSBC sold to her. And from what Miss N has told us, I think the policy HSBC sold to her would've paid out for longer than the policy she had in place already.

The sample credit agreement HSBC has provided makes me think that the cost of the policy would've been shown – including the amount of the premium, the interest payable on the premium and the total cost. So I think Miss N would have understood how much the PPI would cost if she kept the policy for its full term. I also think that Miss N could've afforded it. And given how long the policy could've paid out for, if Miss N made a successful claim she could've got back quite a bit more than what she paid for it.

Miss N would have received a limited refund of the PPI premium if she cancelled the policy early. I don't know if HSBC thought about this when it recommended the policy or explained this clearly to Miss N. But I've seen nothing to suggest she thought she would repay the loan early. So I don't think this made the policy unsuitable or better information about this would've stopped her buying it.

It's possible HSBC didn't point out the main things the policy didn't cover. But it's unlikely Miss N would have been affected by any of these. So I think this policy was right for Miss N and that she still would've taken it out if she was properly informed.

my final decision

For the reasons set out above, I don't uphold Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 11 April 2016.

Ifrah Malik
ombudsman