

summary of complaint

This complaint concerns a regular (monthly) premium payment protection insurance ("PPI") policy sold in conjunction with a loan, taken out in November 2008 with a term of 36 months. Mrs B says that HFC Bank Limited ("HFC") mis-sold the policy.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The questions I need to consider in a case like this are:

- whether HFC gave Mrs B information that was clear, fair and not misleading in order to put her in a position where she could make an informed choice about the insurance she was buying;
- whether, in giving any advice or recommendation, HFC took adequate steps to ensure that the product it recommended was suitable for Mrs B's needs.

If there were shortcomings in the way in which HFC sold the policy, I then need to consider whether Mrs B is worse off as a result; that is, would she have done something different - ie not taken out the policy - if there had been no shortcomings.

It does not appear to be in dispute that HFC provided advice and a recommendation to take out the cover. So it had to take reasonable steps to ensure the policy was suitable and to highlight any shortcomings in the recommendation, if there were any. I have therefore considered this matter carefully.

Having done so, because the sale took place during a meeting I cannot know for certain what was or was not discussed at the time. I accept therefore it is *possible* things did not happen as they should have and it is *possible* there were shortcomings in the way the policy was sold. However, I am not persuaded the policy was unsuitable, or that there is anything that would have dissuaded Mrs B from still going ahead with the cover had she been properly advised and informed.

My reasoning is as follows:

- Mrs B was eligible for the cover, employed and in good health at the time. Therefore it seems to me she would not have been affected by any of the significant limitations or exclusions of the cover, such as those relating to unusual employment terms or pre-existing medical conditions.
- At the time of taking out the policy Mrs B was aged above her normal state retirement age and in full time employment. She was still eligible to claim on the policy for unemployment benefit provided she continued to work more than 16 hours per week. I have not seen evidence to suggest that she had plans to retire during the term of the loan. While she may not have been able to obtain a Job Seekers Agreement (JSA) the policy wording indicates that she could have provided alternative evidence (such as job applications, responses and registrations with job agencies) in order to make an unemployment claim. I do not consider this to have been overly restrictive for her circumstances or it meant that the policy was unsuitable for this reason.

- I acknowledge that Mrs B had some sick pay benefits; however I am not persuaded her existing provision is enough for me to conclude the policy was unsuitable. I am conscious that the policy would have paid out alongside Mrs B's existing provision. So it seems to me Mrs B might have valued the additional cover the policy would provide in the event of a successful claim.
- The policy cost was disclosed at the time of sale and it appears to have been affordable for Mrs B.

In light of the above, I am not persuaded that the policy was unsuitable for Mrs B in her particular circumstances at the time. And I consider it more likely than not that she wouldn't have acted differently and declined the cover had she been better advised and informed.

However, Mrs B says the PPI was added without her knowledge. I have therefore considered this matter very carefully.

On the one hand I cannot be certain what was or was not discussed at the time, I accept it is *possible* that HFC added the PPI automatically and it was not explained to Mrs B that the cover was optional.

But on the other hand the credit agreement Mrs B signed states that the policy was optional and required her to confirm the level of insurance cover that she wished to take out. In addition the recommendation document states that the optional nature of the policy and the costs were explained to Mrs B. I also note that this document confirms that Mrs B declined the recommendation to take life cover with her loan as she did not require it – suggesting that she was aware she did not have to accept the advisors recommendation.

So having carefully weighed up the evidence presented in this matter, I am not persuaded there is sufficient weight of evidence for me to safely conclude that Mrs B was not aware or did not consent to the PPI being sold alongside her loan. It seems just as likely to me that it was recommended to her and in light of the relatively inexpensive monthly cost, she chose to take it out.

In summary I am satisfied it was not inappropriate of HFC to recommend the policy to Mrs B. And I do not believe she would have decided against taking out the policy even if she had been provided with clearer information about it.

my final decision

For the reasons set out above I am not persuaded that Mrs B has lost out as a result of any possible shortcomings on the part of HFC Bank Limited when selling the PPI policy. It follows that I do not uphold Mrs B's complaint or make any award against HFC Bank Limited.

Daniel Little
ombudsman