

## **complaint**

Mr and Mrs C complain that HSBC Bank Plc won't accept that it wrongly cancelled their Mortgage Payment Protection Insurance (MPPI) policy, which meant they weren't able to make a successful claim on it when Mrs C lost her job.

## **background**

I set out the background to this complaint and my initial findings in my provisional decision of February 2016, a copy of which is attached and forms part of this final decision. In that I explained why I was likely not to uphold Mr and Mrs C's complaint and I invited both parties to let me have anything in response, which they thought was relevant.

HSBC hasn't said anything.

Mr and Mrs C replied and said they disagreed with my findings.

## **my findings**

I've re-considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so and carefully read what Mr and Mrs C have said in response to my provisional decision, I'm sorry to disappoint them, but I've not seen anything to change my mind. So I've reached the same conclusion as I set out in my provisional decision and for the same reasons.

It's not in dispute that a policy was set up when Mr and Mrs C took out their mortgage. But despite what Mr and Mrs C say, there isn't any evidence to suggest they are still paying the premium for it – the one they refer to shown in their bank statement relates to a life policy.

So as I concluded in my provisional decision, I think the policy was cancelled some time ago. But I've not seen enough to say HSBC did this in error. So it doesn't need to do anything to put things right.

## **my final decision**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 7 April 2016.

Paul Featherstone  
**ombudsman**

## **copy of provisional decision**

### **complaint**

Mr and Mrs C complain that HSBC Bank Plc won't accept that it wrongly cancelled their Mortgage Payment Protection Insurance (MPPI) policy, which meant they weren't able to make a successful claim on it when Mrs C lost her job.

### **background**

Mr and Mrs C bought a MPPI policy to protect their mortgage payments more than fifteen years ago. The policy was a monthly policy, which they paid by direct debit.

Mrs C was made redundant about 10 years later. But when she approached HSBC to make a claim, she discovered she no longer had the cover.

Mr and Mrs C said the policy must've been cancelled in error by HSBC – they wouldn't have cancelled it themselves. Either that or it was cancelled when the underwriter of the policy changed a few years after they took it out.

HSBC said while it confirmed a policy was set up, it couldn't say when and who cancelled it. What records it does have, show no payments were made after about five years. It also said it approached the insurer and it didn't have any records of the policy. It thought Mr and Mrs C should've noticed from their bank statements that they weren't paying for the cover anymore.

The adjudicator thought the complaint should be upheld. He said he didn't think it was likely that Mr and Mrs C cancelled the policy themselves. He thought HSBC cancelled it in error. He said that the absence of documentary proof of cancellation and the strength of Mr and Mrs C's testimony – Mrs C said as the sole earner protection was important to her - meant it was reasonable to uphold their complaint.

He asked HSBC to consider Mrs C's claim. And if it was successful to pay her in accordance with the terms of the policy - less the premiums she would've paid.

HSBC disagreed. It provided a copy of a fact-find document completed by one of its advisors shortly after Mrs C said she was made redundant and said if Mrs C had concerns about the policy, why wasn't it brought up and documented here. It also said this document records that Mrs C didn't want to review her loss of income provisions.

Because HSBC disagrees the complaint's been passed to me to decide.

### **my provisional findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where there's a dispute about what happened, I've based my decision on what I think's most likely to have happened in light of the evidence.

I'm sorry to disappointment Mr and Mrs C – I know this isn't the answer they were hoping for – but I don't agree with the conclusions reached by the adjudicator. I don't intend to uphold this complaint. And I'll explain why below.

From what information there is available, it would appear that the policy in question was cancelled over 10 years ago. And I don't think Mr and Mrs C have been paying for it for some time. So it's not surprising that neither HSBC nor the insurers – this also includes the policy administrator we've approached – hold any records about the policy or what happened to it. Businesses typically keep records for around six years. So I don't think it's unreasonable that HSBC can't provide or obtain anything; particularly as Mr and Mrs C haven't been able to provide a policy number.

I can see Mrs C's said the change of underwriter soon after the policy was set up might've been the cause of the problem – perhaps some of the policies weren't transferred and that's why it was cancelled. But while I accept this is possible, I don't think this is the most likely answer. It's not unusual for underwriters to change during the period of insurance. And Mr and Mrs C's direct debit payment for the premium was to HSBC - this wouldn't have changed because of a change of underwriter.

I can't discount the possibility that Mr and Mrs C cancelled the policy. I know Mr and Mrs C have talked about the importance of being adequately protected because Mrs C was the sole wage earner. And they had a number of different protection policies with HSBC, which supports this. But there was an element of duplication of cover with the income protection plans. So it's possible they might've decided to cancel the MPPI in favour of these.

HSBC has pointed to a fact-find document completed by one of its advisors – what looks to be a financial review with Mr and Mrs C - a couple of months before Mrs C tried to make a claim following her redundancy. So I've reviewed what this says. And under the section about protection on loss of income, it records that Mrs C had *'no concerns in this area as you are currently out of work and so accident/sickness or redundancy would not affect your current level of income.'*

It then only refers to an existing income protection policy – there's no mention of an existing MPPI policy. I would've expected to see reference to this here if Mrs C believed she still had the policy or for there to be a record of Mrs C's concerns that it wasn't listed or talked about by the advisor. But I can't see anything here.

So overall I think there are a number of possibilities why Mr and Mrs C's MPPI policy was cancelled. But as I've explained above, I don't think there's enough here to say that it's more likely HSBC's done something wrong and cancelled the policy in error without Mr and Mrs C's knowledge or consent – in the circumstances of this complaint I don't think that'd be fair.

Because of this I don't think HSBC needs to do anything to put things right.

#### **my provisional decision**

For the reasons I've set out above, I'm likely not to uphold this complaint. So HSBC Bank Plc doesn't need to do anything to put things right.

Paul Featherstone  
**ombudsman**