

complaint

Mr A says that he was mis-sold single premium payment protection insurance (PPI) when he took out a loan with HSBC Bank Plc (HSBC).

background

I've attached my provisional decision from September 2015, which forms part of this final decision. In my provisional decision I set out the reasons why I didn't intend to uphold Mr A's complaint. I invited both parties to respond with any further information or evidence they wanted me to consider.

my findings

I've reconsidered 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 Mr A's case.

As neither of the parties has given me any new evidence or arguments to consider, I see no reason to depart from the conclusions set out in my provisional decision.

my final decision

For the reasons I've given in my provisional decision, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 November 2015.

Kevin Williamson
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr A complains that he was mis-sold single premium payment protection insurance (PPI) when he took out a loan with HSBC Bank Plc (HSBC).

background

Mr A took out a loan with HSBC in 2000. At the same time he bought PPI. The policy covered Mr A's loan repayments in the event that he couldn't work because of an accident, sickness or unemployment. It also included life cover.

Mr A says that he didn't decide to buy PPI. He had other concerns, for example he says that the policy wasn't suitable for him. HSBC says Mr A knew about the policy and chose to buy it.

Our adjudicator thought that HSBC failed to properly explain to Mr A that he had a choice whether or not to buy the PPI. HSBC disagrees and so the case has come to me for a decision.

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. 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 Mr A's case.

I don't currently intend to uphold Mr A's complaint.

Mr A has said that he thinks that he was sold PPI during a meeting. HSBC couldn't confirm how the sale happened. Mr A says he didn't decide to buy PPI. HSBC says that Mr A chose to take out PPI and that the policy details would've only appeared on the loan agreement if the customer agreed to take the policy during the sales conversation.

Mr A has not provided any detailed recollections of the sale. And HSBC hasn't been able to give me a record of the meeting or some of the important documents. I don't find any of this surprising as the sale took place over 15 years ago.

HSBC has given us a copy of the credit agreement signed by Mr A in 2000. There's a section on it titled "Credit Protection Insurance Loan". It sets out the cost of the loan for the PPI and interest and also provides the monthly repayment details. The cost of the insurance is set out separately to the cost of the loan. So I think that the loan agreement clearly shows that Mr A was buying PPI separately and in addition to his loan.

There's a further section in the agreement which says: "I/We have decided to take Personal Loan Protection". Mr A's name then indicates he is the person covered by the insurance. I think it's likely that Mr A would've noticed the section about PPI. And I can see that Mr A signed the agreement just under and to the left of the PPI details.

So, weighing up the information I have, I don't think I can fairly conclude that HSBC sold Mr A the policy without his knowledge or didn't make it clear that it was optional. I think it's most likely that by the time he signed the agreement Mr A knew he had a choice and that he decided to buy it, even if he understandably doesn't recall this years later.

HSBC says that it advised Mr A to buy PPI. This means it had to make sure that the policy was suitable for him. From what I've read I think:

- Mr A was eligible for the policy. And although what he's told us about his circumstances has changed over time, the latest information we have suggests to me that he wouldn't have been affected by the main exclusions such as those for existing medical conditions or self-employment terms.

- The loan was for £4,900 and the single premium PPI cost about £750. The monthly repayments on the whole loan including interest was about £150. This was a significant financial commitment and so I think the cover would've given Mr A peace of mind about being able to repay the loan if he'd not been able to work.
- Mr A told us that he had some benefits from his employer if he'd been unable to work due to accident or illness. But PPI would've paid out in addition to this and potentially for the whole period of the loan which ran for four years.
- Mr A also told us that he didn't have any other ways to cover the repayments on his loan if he'd been made unemployed, so I think PPI offered him potentially useful benefits.

I noticed that Mr A would've only received a limited refund of the PPI premium if he'd cancelled the policy early. But I haven't seen any information to suggest he might've needed the flexibility at the time to pay off the loan early. And I've not read anything that makes me think the policy wasn't affordable to him.

So I think the policy was suitable for Mr A.

HSBC also had to give Mr A information about the key features of the policy so that he could decide if PPI was right for him. The loan agreement showed the separate cost of the PPI premium that was added to the loan. It also showed the total cost of the policy over the term of the loan, the interest Mr A needed to pay and the monthly repayments. So I think Mr A was given clear enough information about the cost of the policy.

I don't know what was discussed about the policy and its main features. But I don't think this would've made a difference to Mr A's decision to take out PPI. As I explained above, I think the policy was suitable and it offered him useful protection.

For these reasons, I think if Mr A had been given better information and advice he still would've bought the policy. So I don't think Mr A has missed out because of anything HSBC may've done wrong.

my provisional decision

I don't currently intend to uphold Mr A's complaint for the reasons I explained above. I now invite both parties to provide any further submissions they may wish to make, in writing, by 2 October 2015, after which I'll issue my final decision.

Kevin Williamson
ombudsman