

The complaint

Mr J and Mr J are unhappy with the amount of compensation HSBC Bank Plc has offered to settle their complaint about a mis-sold payment protection insurance (PPI) policy taken out alongside a business loan.

What happened

Mr J and Mr J took out a single premium PPI policy with a business loan in 2006. HSBC upheld their complaint that they'd been mis-sold the policy and offered them £913.20 to compensate them for this mis-sale. HSBC also offered £50 for the distress and inconvenience they'd suffered because of the way their complaint had been handled.

Mr J and Mr J weren't satisfied that HSBC had calculated the compensation it paid them correctly, or that the additional amount it had offered for the way it had handled their complaint was enough considering the very poor service they thought they'd received.

Our adjudicator thought that the way HSBC had calculated the compensation offered for this mis-sale was fair. But she said HSBC should pay a larger amount of £250 for the distress and inconvenience Mr J and Mr J had suffered because of the way HSBC had handled the complaint.

Following receipt of the adjudicator's view, HSBC agreed to increase its offer to Mr J and Mr J for the distress and inconvenience it had caused to £250. But Mr J and Mr J were still not satisfied with the adjudicator's view and the revised offer from HSBC.

As Mr J and Mr J disagreed with the adjudicator's view, the case has been passed to me for a final decision.

What I've decided – and why

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

As HSBC has upheld Mr J and Mr J's complaint that the PPI was mis-sold to them, in this decision I am not looking at how the PPI came to be mis-sold. I am only considering if what HSBC has offered Mr J and Mr J in compensation for this mis-sale is fair.

When a single premium PPI policy attached to a loan has been mis-sold the business needs, as far as possible, to put the consumer in the position they would have been in if they had never taken out the policy. To do this, all premiums charged for the PPI must be repaid plus any interest or charges caused by the PPI being added to the loan account. The business must also pay compensatory interest at a simple rate of 8% for any period the consumer is out of pocket because of the mis-sale.

HSBC has provided a breakdown of the offer it made Mr J and Mr J for the mis-sale. This shows that it has refunded £461.77 which it charged them for the PPI, including the interest

added to the single premium. And it has added 8% in statutory interest for the time Mr J and Mr J have been out of pocket since these charges were paid by them.

So, from what I've seen, I have no reason to think that the compensation which HSBC has offered to Mr J and Mr J for the mis-sale of the PPI policy was not calculated in the way in which this service would have expected in these circumstances. This means that I think this compensation payment to Mr J and Mr J was fair and has, as far as is possible, put them back in the position they would have been in if the mis-sale hadn't happened.

I've next considered whether the offer which HSBC has now made of £250 for the distress and inconvenience they have suffered from the way it handled their complaint is fair. And it is clear from what I've seen that HSBC failed – by some margin - to provide the level of service from HSBC that Mr J and Mr J were entitled to expect. This has included mistakenly referring to one of them as having been subject to an Individual Voluntary Arrangement (IVA). It has also required Mr J and Mr J to make a number of unnecessary visits to a local branch of HSBC to repeatedly provide the same information to the bank as well as to discuss HSBC's erroneous reference to a past IVA. So I can understand why Mr J and Mr J say they have suffered considerable distress and inconvenience as a result of this.

In these circumstances, I think that Mr J and Mr J are entitled to a significant payment from HSBC for the poor way in which their complaint was handled. And, whilst I recognise that Mr J and Mr J still think they should be offered more, I think that the £250 the adjudicator said HSBC should pay Mr J and Mr J for these failings, and which HSBC has now agreed to, is fair. So I don't think it needs to offer Mr J and Mr J more.

My final decision

For the reasons I've given, I'm not upholding this complaint against HSBC Bank Plc.

If HSBC Bank Plc hasn't already paid Mr J and Mr J £250 for the distress and inconvenience it caused them, it should now do so now

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mr J to accept or reject my decision before 1 June 2021.

Simon Furse
Ombudsman