

The complaint

Mr and Mrs H complain that HSBC Bank Plc (“HSBC”) set up a payment protection insurance (“PPI”) policy without their consent.

What happened

HSBC wrote to Mr and Mrs H in August 2018 to explain that when increasing the benefit of an existing PPI policy in July 2001, it had set up an additional policy in error. It apologised for its mistake and confirmed that the policy was already cancelled, and no premiums had ever been paid.

Mr and Mrs H are concerned that HSBC could have set up a policy without their consent. And they are unhappy because HSBC said they cancelled the policy before any premiums were charged – they dispute that they cancelled it themselves as they say they were not aware the policy ever existed until they received the letter about it in August 2018. Mr and Mrs H say they have experienced distress since finding out about the mistake and the lengthy complaints procedure has been inconvenient.

HSBC offered Mr and Mrs H £50 as a gesture of goodwill, but as Mr and Mrs H remained unhappy, they brought the complaint to the Financial Ombudsman Service.

Our adjudicator reviewed Mr and Mrs H’s concerns but felt HSBC’s offer was fair in the circumstances. As Mr and Mrs H disagreed, the complaint has been referred to me to consider.

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.

Having thought carefully about everything Mr and Mrs H have said, I’ve decided not to uphold Mr and Mrs H’s complaint and I’ll explain why.

It might help if I first explain our role. The Financial Ombudsman Service is an impartial service that was set up to help resolve disputes between consumers and financial service providers. We do not take sides but look at all of the information and evidence provided to us and decide whether we think the business in question has done anything wrong. If we find a business has done something wrong, we need to think about what financial loss this has resulted in for the consumer. And if a financial loss has occurred, we will look to put the consumer back in the position they would have been in, had the mistake not occurred. Finally, we can think about what other impact this may have had, such as whether the mistake would have caused distress and if so, to what extent.

In terms of this complaint, HSBC accepts that a mistake was made – that when increasing the policy benefit of Mr and Mrs H's original policy, HSBC set up a new policy for the same amount in error. The internal screenshots HSBC has provided show this. So, I don't need to decide whether the second policy should or shouldn't have been arranged – we all agree that it shouldn't have.

I then need to think about whether Mr and Mrs H experienced a financial loss as a result of HSBC's mistake. And from everything I've seen – I don't think they did. The new policy was free for the first six months, and HSBC has provided screenshots of its internal records to show that the policy was cancelled around the time the first premium would have been payable. Another screenshot shows that Mr and Mrs did not ever pay a premium for the policy. So, Mr and Mrs H had additional protection in place for six months for free and after this, the policy was cancelled.

While I know Mr and Mrs H say they are upset HSBC may have referred to them having cancelled the policy even though they weren't aware it existed, I don't think how the cancellation came about really matters at this point in time. If Mr and Mrs H are correct that they didn't know about the policy and so wouldn't have contacted HSBC to cancel it, then that would mean HSBC realised it had made a mistake and proactively corrected this before there was any financial impact on Mr and Mrs H. And I can't see how Mr and Mrs H could have been distressed or inconvenienced by it if they weren't aware any of it ever happened.

I appreciate Mr and Mrs H may have spent some time trying to work out what happened now they are aware of the policy. And that they also experienced significant delays due to the high number of PPI complaints being handled around the same period that they complained. But HSBC has explained everything it's found on its records and I can't see that there's anything more it could have done to resolve the matter. It offered Mr and Mrs H £50 as a gesture of goodwill and I think this is fair in the circumstances.

My final decision

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 18 March 2022.

Hanna Johnson
Ombudsman