

The complaint

S (a business) complains that HSBC UK Bank Plc did not fairly compensate it for mis-selling payment protection insurance ('PPI') to it alongside an overdraft.

S has made more than one PPI complaint about HSBC. To be clear, this decision refers to the PPI sold to protect its overdraft alongside its current account ending 904. This is the final decision arising from the provisional decision I issued on 26 April 2022.

What happened

On 30 July 1999, S completed a PPI application form to protect its overdraft. At that time, its overdraft limit was stated to be £2,500. HSBC appears to have given S an estimated monthly premium for the PPI at £7.44. The premium was estimated because it was based upon how often and by how much S used the overdraft facility.

In 2019, S complained to HSBC that it had mis-sold PPI alongside the overdraft. On 11 August 2020, HSBC agreed PPI had been mis-sold and it offered to pay £1,509.19 to compensate S for that mis-sale. It said S had paid PPI premiums from 3 January 2001 until 25 January 2007. HSBC said S paid £10 for PPI from 3 January 2001 until 13 June 2005. It says the premium was then £10.01 from 27 July 2005 until 25 January 2007.

S did not agree with what HSBC said about how long it had paid PPI premiums. It provided bank statements which S said showed PPI had been paid with effect from 10 February 2000. S said it had paid 84 PPI premiums altogether.

Our adjudicator looked at all of this and thought HSBC's offer to pay from 3 January 2001 was fair. S disagreed with that view and it was passed to me for an ombudsman's decision

My provisional decision

I issued a provisional decision in this matter because I thought the complaint should be upheld. I said:

"I have considered the bank statements sent to us on behalf of S from 31 December 1999 and 1 March 2000. I am satisfied these statements refer to the same business current account from which HSBC accepts S paid PPI premiums with effect from 3 January 2001. I say this because they bear the same account number, sort code and account name.

Having considered those documents, I can see there is an entry on 10 February 2000 which states:

"BUS O/D Prot

First payment [£]10"

There is a further entry on 1 March 2000, stating

“BUS O/D PROT [£]10”

The aforementioned transactions match exactly the wording of the bank statement whereby HSBC accepts S had PPI on its business current account. For ease of reference that entry of 3 January 2001 states:

“BUS O/D PROT [£]10”

Accordingly, I am provisionally satisfied and agree with S that it made the first payment of PPI on 10 February 2000. I am further provisionally satisfied that the second PPI payment of £10 was made on 1 March 2000.

The evidence before me does not suggest there was any change in the way the account was managed between March 2000 and January 2001. Accordingly, I provisionally find it is most likely that S paid monthly PPI premiums of £10 from 10 February 2000 until 13 June 2005. It is accepted that it then paid £10.01 per month with effect from 27 July 2005 until 25 January 2007.

I intend to tell HSBC to amend its offer to S in line with what I have set out above. I also intend to tell it to recalculate its offer of 8% simple interest to take account of the additional payments I have provisionally identified above.’

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision. Both parties indicated that they agreed with my provisional findings.

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 both parties indicated they agreed with my provisional decision, I see no reason to depart from my provisional reasoning.

Accordingly, I uphold S’s complaint to the extent set out above. HSBC will need to take action to put things right.

Putting things right

HSBC must:

- Recalculate and pay to S its offer of compensation on the basis that S paid monthly PPI premiums of £10 from 10 February 2000 until 13 June 2005 and £10.01 with effect from 27 July 2005 until 25 January 2007 inclusive;
- Recalculate and pay 8% simple interest* to S to take account of the period set out above up until the date S gets that money back.

*HM Revenue and Customs may require HSBC to deduct tax from this amount. HSBC must give S a certificate showing how much tax has been deducted if S requests it.

My final decision

I uphold the complaint made by S. I require HSBC UK Bank Plc to comply with the above ‘putting things right’ section.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 6 June 2022.

Nicola Bowes
Ombudsman