

The complaint

Mr W has complained on behalf of himself and the estate of the late Mrs W, about the amount of compensation HSBC UK Bank Plc paid for the mis-sale of a payment protection insurance (PPI) policy.

What happened

Mr W complained about the sale of PPI on his and the late Mrs W's mortgage.

HSBC agreed the PPI had been mis-sold and agreed to pay £140.67 to Mr W twice – once for his share and once for the late Mrs W's share. So the compensation totalled £281.34.

Mr W felt the amount seemed too small and asked our service to look into it.

Our adjudicator looked into things independently and found that HSBC had offered fair compensation.

Mr W didn't agree. He pointed out an oddity in the dates HSBC had provided, and said they'd never paid out Mrs W's share. The complaint's been passed to me to decide.

I sent Mr W and HSBC a provisional decision on 23 November 2022, to explain why I didn't think the complaint should be upheld. In that decision, I said:

Based on what I've seen so far, I think HSBC have resolved the mis-sale of this PPI policy fairly – I'll explain why.

When a business has mis-sold PPI, we expect them to put their customer in the financial position they'd be in now if they'd never had the policy – as far as it's reasonably possible to do that.

For a policy like Mr and Mrs W's, that means refunding the premiums they paid for PPI, plus 8% simple interest as compensation for the time they were out of pocket. And I can see that's what HSBC did here.

Mr W mentioned wanting a refund of the PPI's interest. To clarify, this policy did not run up any compound interest – it was paid separately to the mortgage itself and was not added onto the borrowing. So there's no compound interest to refund. The simple interest that HSBC added, on the other hand, is just a form of compensation for the months where Mr and Mrs W were out of pocket.

Neither side still had the paperwork for the policy, which is completely understandable given that it was sold over two and a half decades ago. The only remaining records of the PPI were the insurer's electronic records. So I think it's fair that HSBC relied on those.

The insurer's records showed that Mr and Mrs W paid a total of £104.40 for PPI over the life of this policy. Mr W pointed out that this seemed small, and I understand where he's coming from. It may seem small, but that's because the records show that Mr and Mrs W did not renew the policy past the first year. So it only ran for a relatively short time.

Mr W also pointed out that HSBC said the policy only ran for 16 days, which couldn't be the case. I agree, but this appears to just be a mistake in what HSBC wrote on the letter. HSBC still refunded all of the premiums plus simple compensatory interest.

Lastly, Mr W asked how HSBC could have paid Mrs W's share to her, given that she unfortunately passed away some years ago. And again, I understand where he's coming from. To clarify, I can see from HSBC's records that they paid Mrs W's share to Mr W, in addition to his own share. If Mr W checks his statements for his NatWest account, he should find that he received two payments for £140.67 around 29 November 2021, rather than just the one payment. Both payments should have the reference "HSBC Redress". If Mr W can't find these entries, then please could he send a copy of his November and December 2021 statements to us before the deadline, and I'll have a look at this for him.

But at the moment, as far as I can see HSBC have already paid out the appropriate amount to put right the mis-sale of this PPI policy.

I said I'd consider anything else anyone wanted to send me – so long as I received it by 21 December 2022. I'll talk about what both sides said below.

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.

Following the provisional decision, Mr W reiterated that he hadn't received the second payment of £140.67, so we checked this with NatWest, who confirmed he had not.

We raised this with HSBC, who have agreed to pay the missing payment, plus some extra to compensate Mr W for the extra time it took to get this to him. This will come to £169.37 in total. I think this is a fair way to resolve that issue.

Mr W raised further doubts around the total amount of premiums paid, and suggested going to the insurer. To clarify, the records of the premiums that Mr and Mrs W paid *are* from the insurer. The insurer were clear that Mr and Mrs W paid £104.40 in total.

Mr W questioned how Mr and Mrs W could have not renewed the policy if they didn't know about it. I don't know whether they did or didn't know about it at the time – it's quite plausible that they *did* know about the PPI back in 1996, and it's just that Mr W understandably no longer remembers it over two and a half decades later. In any case, the fact remains that the records show the policy was not renewed past its first year. Mr and Mrs W did not pay any premiums past that point, so there's nothing for HSBC to refund there. I cannot fairly tell HSBC to "refund" premiums which by all accounts Mr and Mrs W never paid.

Mr W felt it was convenient that HSBC didn't still have the original documentation. But it's both understandable and unsurprising that HSBC don't still have that, given that the policy was from over two and a half decades ago, and banks are only required to keep such data for about six years. Indeed, under data protection rules, HSBC were required to dispose of old data rather than hold onto it for too long. I find that it was reasonable to rely on the records that the insurer provided.

Mr W questioned why we'd let HSBC "get away" with the mistake in their letter. But we're not here to punish or fine businesses. We only award compensation when a business gets something substantially wrong which has a substantial impact on their customer. For example, that's why we expected HSBC to pay compensation for mis-selling the PPI to Mr and Mrs W here. But I do not see that the mistake in HSBC's letter had any significant impact on Mr or Mrs W, so I can't reasonably award compensation for that.

Mr W pointed out that it was HSBC who contacted him in the first place. But while I am grateful for Mr W's comments on this, I'm afraid I do not find it to be relevant to whether they offered him a correct refund or not.

Lastly, Mr W suggested that HSBC should prove he signed separately for the PPI. But I'm afraid that's also not relevant at this stage. That would only be a relevant consideration in deciding whether the PPI was mis-sold or not – and HSBC have already accepted it was mis-sold and agreed to refund it.

So having reconsidered the case, I've broadly come to the same conclusions as before. The only difference from my provisional decision is that I think HSBC should pay Mr W the missing share of redress, including some compensation for the extra time it took. This will come to £169.37.

My final decision

I uphold this complaint in part, and direct HSBC UK Bank Plc to pay Mr W £169.37. I do not make any further award.

This final decision marks the end of our service's involvement in the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and the estate of Mrs W to accept or reject my decision before 2 February 2023.

Adam Charles
Ombudsman