

complaint

Mr T says HSBC Bank Plc (HSBC) mis-sold him a payment protection insurance (PPI) policy.

background

This complaint is about a single premium PPI policy taken out with a loan in 1999. Mr T says he applied for the PPI in a meeting.

Our adjudicator upheld the complaint. HSBC disagreed with the adjudicator's opinion so the complaint has been passed to me.

my 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 T's case.

I've decided to uphold Mr T's complaint because I don't think HSBC made it clear that he had a choice about whether to take PPI.

There's little to show how HSBC made Mr T aware that he had a choice about the PPI, or how it gained his agreement to it being added to his account. And Mr T says PPI was added without him knowing about it.

HSBC hasn't been able to give us anything to show Mr T agreed to take PPI. But it's given us an example of the type of agreement Mr T is likely to have signed to take out his loan in the branch. This sets out the cost of the loan and PPI separately. But the agreement doesn't include a separate section where Mr T could've said if he wanted PPI or not. It looks like there would've been a pre-printed statement on Mr T's agreement to the effect that he had decided to take out PPI. But I don't know what Mr T was told about PPI (if anything) before he signed the agreement. And there is nothing to make the PPI section stand out from the rest of the agreement. So I think it would've been easy for Mr T to sign the agreement without realising he was taking out PPI – or to have thought it was just part of the loan.

HSBC has also sent us an 'Insurance Sales Acknowledgement Slip' which it used to confirm the customer had received a PPI brochure and the features of the product had been explained. But it hasn't been able to provide a copy signed by Mr T. And the example it's sent us is from 2004, so I don't know if Mr T would've had to sign a similar form when he took out his loan in 1999. In any case I don't think this is enough to show that Mr T was given a choice about PPI.

So looking at everything, I think it's most likely Mr T took out the policy even though he didn't really want it. HSBC has said the policy was suitable for Mr T. But I don't think he would've bought the policy if it had been made clear he had a choice about it. So, I think Mr T has lost out because of what HSBC did wrong.

what HSBC should do to put things right

Mr T borrowed extra to pay for the PPI, so his loan was bigger than it should've been and he paid more than he should've each month. So Mr T needs to get back the extra he's paid.

So, HSBC should:

- Work out and pay Mr T the difference between what he paid each month on the loan and what he would've paid each month without PPI.
- Add simple interest to the extra amount Mr T paid each month from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on[†].
- If Mr T made a successful claim under the PPI policy, HSBC can take off what he got for the claim from the amount it owes him.

[†] HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Mr T a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons I've explained, I uphold Mr T's complaint.

HSBC Bank Plc should pay Mr T compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 November 2015.

Helen Sutcliffe
ombudsman