

## **complaint**

Miss C's complaint is about the compensation that HSBC UK Bank Plc (HSBC) paid to settle a complaint about mis-sold payment protection insurance (PPI) policies with several loans and a credit card.

## **background**

Miss C took out a credit card with HSBC in February 2002. She also took out six loans between September 2001 and December 2005. The credit card and all the loans had PPI policies sold alongside them.

In 2008 Miss C got into some financial problems and entered into an Individual Voluntary Arrangement (IVA). In 2012 a third party was instructed by Miss V's insolvency practitioner (IP) to ascertain if she had ever had any products such as PPI that may have been mis-sold.

In July 2013 Miss C's IP signed the acceptance of the offer of compensation made by HSBC. This acceptance indicated that part of the compensation would be paid for a debt that had been owed to HSBC by Miss C and the remainder would be paid into the IVA.

In 2017 HSBC wrote to Miss C saying that it had considered whether there was any compensation due for the PPI policies in relation to any excess commission charged and found that nothing was due to her. Miss C wasn't happy with this and brought her complaint to this service.

Our adjudicator said HSBC hadn't done anything wrong. Miss C still wasn't happy and asked for an ombudsman to consider her complaint.

## **my findings**

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

In 2013 HSBC agreed the seven PPI policies Miss C had, related to her credit card and six loans had been mis-sold. So in this decision I am not considering how any PPI came to be mis-sold. I am only looking at if what HSBC has done, relating to the compensation for the mis-sale of the policies, is fair.

The complaint about the PPI policies mis-sold to Miss C was raised with HSBC in 2013. This was not raised directly by Miss C but by an agent appointed by her IP. Miss C did sign forms to consent to this being done on her behalf. The IVA was in place until 2014.

So when HSBC made its offer of compensation it was the IP, acting on behalf of Miss C within the IVA, who signed the acceptance of the offer. The acceptance of the offer sent to HSBC by the IP set out what it was agreed HSBC was to do with the compensation.

The acceptance indicated HSBC was to pay the compensation against the debts Miss C owed to HSBC. The acceptance, signed by the IP, clearly states that *"the redress offered will be applied to reduce/recalculate the total sum of debt included in the IVA... so that HSBC's claim in the IVA will be adjusted... The IVA records will be amended accordingly."*

As Miss C had defaulted on her repayments to HSBC, it had sold the debt to a third party and the offer letter specifically says the amount to be paid to that third party which was to settle the debt. There was also a small amount of £842.07 remaining which was to be then paid direct to the IP to be dispersed amongst all the other creditors.

This was all clearly agreed by Miss C's IP and if Miss C has any concerns about what her IP did she would need to raise those concerns with the IP.

So in 2013 I think that HSBC offered fair compensation to settle Miss C's PPI complaint and how it used the compensation to settle her debts was with the agreement of her IP. So HSBC did nothing wrong in how it used the compensation.

When HSBC wrote to Miss C in December 2017 about the possibility of her PPI policies having excessive commission charged, this was because it was checking on all customers who had taken out PPI to see if any excess commission was due to be repaid.

Miss C completed a form to ask HSBC to investigate this for her accounts but HSBC came back to her, having carried out the checks, to say she wasn't owed anything for the excess commission. It explained that this was because all the PPI premiums she had ever paid had been included in the refund and compensation paid in 2013. So all the commission included in the premiums had also been refunded at that time.

Miss C has now raised concerns about wanting compensatory interest because HSBC kept her PPI for 10 years without paying it back to her. But when HSBC worked out the compensation due to Miss C it included an amount as compensatory interest. This was to pay something for any time Miss C was out of pocket from when she started paying for the PPI until the compensation was paid in 2013.

Miss C had paid some of the PPI costs over a period of years as she had paid a little back for each loan before settling the loans and taking out another loan. The offer HSBC paid covered all the payments she had made, so it refunded all the premiums it had received, and also paid some compensatory interest on those amounts Miss C was out of pocket, right until the compensation was paid.

I would also point out that some of the costs of the PPI may have been included in the debt Miss C owed to HSBC so was never paid by her. So by paying the compensation against the debt owed to HSBC this also meant that any PPI still in that debt was cleared from it.

Miss C only raised any concerns about what had been paid as compensation after she received the correspondence about the possible excess commission in December 2017. But as I've explained no further commission refund is due and in 2013 the full costs of the PPI and compensatory interest was paid by HSBC so nothing more for the mis-sold policies is due now.

During the course of this complaint Miss C has also raised issues about a claim she says she made on a policy in 2005 when she had an accident, which was rejected. In this decision I am not dealing with any issues about a rejected claim. Miss C may wish to consider raising a retrospective claim if she feels her original claim was wrongly rejected. But the fact the policies have been found to be mis-sold may have been because she wasn't eligible to make a claim. And the fact all the costs of the PPI have been repaid may also be taken into account when considering any retrospective claim.

In summary, I am satisfied that HSBC did refund fair compensation for all the mis-sold policies in 2013. How this compensation was paid was done in full agreement with Miss C's IP. And so I do not think HSBC had done anything wrong.

**my final decision**

For the reasons I've set out I think that HSBC UK Bank Plc offered fair compensation to settle Miss C's complaint about a number of PPI policies and what HSBCUK Bank Plc has done with the compensation is fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 January 2019.

Christine Fraser  
**ombudsman**