

complaint

Mr S 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 2001.

Our adjudicator upheld the complaint. HSBC disagreed with the adjudicator's opinion.

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 S's case.

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

HSBC hasn't been able to give us anything that shows Mr S agreed to buy PPI. But it's given us an example of the type of agreement and creditor protection declaration it says Mr S is likely to have signed when he was taking out his loan.

The example agreement and declaration provided are both dated a year before Mr S took out his loan and PPI policy. So I can't be sure these are representative of what Mr S would've seen. The agreement doesn't include a separate section where Mr S could've said if he wanted PPI or not. And there isn't anything to make the statement about PPI stand out from the others. The creditor protection declaration does give the consumer the opportunity to sign separately for the policy. But as HSBC hasn't been able to provide a copy signed by Mr S, I don't know if he would've seen this. HSBC says if the consumer didn't ask for PPI then the statement would say they had decided not to take PPI out. But I don't think this is enough to show that HSBC would've given Mr S a clear choice about PPI.

HSBC says that the policy brochure said the PPI could be cancelled. But if Mr S didn't know he had PPI or thought it was part of the agreement, there's a good chance he wouldn't have read this – or thought to question it.

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

what HSBC should do to put things right

Mr S borrowed extra to pay for the PPI, so his loan was bigger than it should've been. He paid more than he should've each month and it cost him more to repay the loan than it would have. So Mr S needs to get back the extra he's paid.

So, HSBC should:

- Work out and pay Mr S the difference between what he paid each month on the loan and what he would've paid without PPI.
- Work out and pay Mr S the difference between what it cost to pay off the loan and what it would've cost to pay off the loan without PPI.
- Add simple interest to the extra amount Mr S paid 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 S 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 S 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 S's complaint.

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 5 November 2015.

Amy Osborne
ombudsman