

complaint

Mr I's complaint is about the mis-sale of a payment protection (PPI) policy and the amount of compensation he has been offered by HSBC Bank Plc (HSBC) to put this right.

background

Mr I complained that HSBC mis-sold him a PPI policy which was added to his flexi-loan in 2003.

HSBC agreed this complaint should be upheld. And to put Mr I in the position he would've been in if the PPI hadn't been sold, it offered to repay him all the premiums he'd paid plus 8% simple interest per year (less the basic rate of tax) on these.

Mr I was unhappy with the total amount HSBC had worked out he was due in compensation. He didn't think it went far enough to put him in the financial position he would have been in now if the policy hadn't been sold in 2003. He wanted further compensation for the times he was charged compound interest on his current account because it was overdrawn when the PPI premiums were taken from it.

One of our adjudicators looked at this and thought the compensation HSBC had offered was fair.

Mr I disagreed with the adjudicator's opinion so the complaint has been passed to me for a final decision.

my findings

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

As HSBC has already accepted it mis-sold PPI to Mr I on his flexi-loan, I don't need to look at how the policy was sold. In this decision I've looked at whether the offer of compensation HSBC made to Mr I for this mis-sale is fair.

I think the offer is fair and I'd like to explain why.

Mr I has said that to properly put him in the position he'd be in if the PPI hadn't been mis-sold, in addition to HSBC's original offer, his current account should also be reconstructed as though the PPI premiums weren't taken from it. I don't agree.

HSBC has worked out the compensation it offered in the same way I'd expect it to if it had mis-sold PPI. And I think the simple interest HSBC has already included in its calculation is a fair way of reflecting Mr I's loss of the use of this money and the potential adverse impact this had on his financial arrangements.

Mr I has told us his current account was often overdrawn for some period of time. Because of this I don't think the PPI premiums themselves *caused* his current account to become overdrawn. So I think it's likely Mr I would've used his overdraft facility even if the PPI policy hadn't been sold to him.

Of course Mr I might have been slightly less overdrawn if the PPI premiums hadn't been paid from his current account. But in my view Mr I chose to use the overdraft facility on his current account. And I don't think it would be fair to hold HSBC responsible for Mr I's choice to pay the premiums from an account that was already overdrawn.

So I think the method HSBC used to calculate the offer it made to Mr I in 2014 is fair. As far as I'm aware, to date, Mr I has not accepted HSBC's offer and it hasn't been paid to him. If that is the case, I think HSBC should recalculate its offer to bring the interest up to date.

my final decision

For the reasons I have outlined I think HSBC Bank Plc's offer is fair. If the compensation hasn't already been paid to Mr I, I direct HSBC Bank Plc to update its offer and pay Mr I the compensation due.

I make no further award against HSBC Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 9 November 2015.

Helen McNeeney
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