

## **complaint**

Mr B says HSBC Bank Plc 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. The loan included an amount to pay for the policy.

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 is 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 B's case.

I'm upholding Mr B's complaint because I think HSBC recommended the policy to him, but I don't think it was suitable.

Under the terms of the policy, the maximum Mr B could claim on the policy for unemployment was 12 months. Looking at how much Mr B paid for the policy, the most that he could've received for a successful unemployment claim for the maximum time wasn't much more than the total cost of the policy. I think if Mr B had realised this, he wouldn't have thought the policy was right for him. While the policy did provide accident and sickness cover for the life of the loan, I don't think this was enough for Mr B to consider the policy worthwhile overall.

I haven't seen any evidence to suggest HSBC took this into account when it recommended the policy to Mr B. And I think if HSBC had told Mr B the total cost of the policy compared to the total unemployment benefit he could get, he wouldn't have taken it out. So, I think he's lost out because of what HSBC did wrong.

I've taken into account HSBC's comments, but I still think I should uphold the complaint.

## **what HSBC should do to put things right**

Mr B 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've. So Mr B needs to get back the extra he's paid.

So, HSBC should:

- Work out and pay Mr B the difference between what he paid each month on the loan and what he would've paid without PPI.
- Work out and pay Mr B the difference between what it cost to pay off the loan and what it would have cost to pay off the loan without PPI.

- Add simple interest to the extra amount Mr B 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<sup>†</sup>.
- If Mr B made a successful claim under the PPI policy, HSBC can take off what he got for the claim from the amount it owes him.

<sup>†</sup> HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Mr B 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 B's complaint.

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

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

Claire Marsh  
**ombudsman**