

complaint

Mr B has complained that he was mis-sold payment protection insurance ("PPI") by ("HSBC").

background

In 2005 Mr B bought PPI when he took out a credit card with HSBC.

Our adjudicator thought that HSBC hadn't made it clear to Mr B that the PPI was optional. HSBC disagrees so the complaint has been passed to me to make a decision.

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've decided to uphold Mr B's complaint.

Unfortunately HSBC hasn't been able to provide me with any paperwork about the sale of the PPI to Mr B. Nor can it consistently tell me how it sold the PPI to him, for example whether it was in a branch, by telephone or by post. Mr B has said that he was made to feel that the PPI was necessary. He said that if he had been given enough information about the policy, he wouldn't have taken it out.

In its response to Mr B's complaint, HSBC has only told us that all PPI policies for credit cards were optional and says what its usual sales process would've been. It doesn't tell me what actually happened in Mr B's specific case. Given the lack of information about how the PPI came to be sold to Mr B, I can't be certain that the documents given to us by HSBC were seen or signed by him. So, on the basis of the evidence which has been presented to me, and because of Mr B's circumstances at the time, I don't think it's likely that HSBC made it clear to Mr B that PPI was optional.

In its response to the adjudicator's assessment, HSBC has disagreed with the view that Mr B didn't know the PPI was optional. But HSBC hasn't been able to provide sample copies of the documents that were actually seen by Mr B; only samples which may have been similar to those seen.

Each case is decided on its own merits, and I have to consider the evidence about this particular case when I decide if I should uphold Mr B's complaint. In this case, I don't think it's likely that HSBC made it clear to Mr B that the PPI policy was optional. I uphold Mr B's complaint.

putting things right

HSBC should put Mr B in the financial position he'd be in now if he hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. HSBC should find out how much Mr B would owe on his credit card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

HSBC should then refund the difference between what Mr B owes and what he would have owed.

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.

- B. If – when HSBC works out what Mr B would have owed each month without PPI – Mr B paid more than enough to clear his balance, HSBC should also pay simple interest on the extra Mr B paid. And it should carry on paying interest until the point when Mr B would've owed HSBC something on his credit card. The interest rate should be 8% a year.[†]

- C. HSBC should tell Mr B what it's done to work out A and B.

[†] 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.

final decision

I uphold Mr B's complaint about HSBC Bank Plc and direct HSBC Bank Plc to put things right as set out above.

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

Rebecca Haigh
ombudsman