

## **complaint**

Miss L says HSBC Bank Plc ('HSBC') mis-sold her a payment protection insurance ('PPI') policy.

## **background**

This complaint is about a credit card PPI policy taken out in 2004. The policy was added to Miss L's credit card account when she applied for the card.

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 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 Miss L's case.

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

HSBC hasn't been able to give us anything that shows Miss L agreed to buy PPI. But it's given us examples of the type of agreement it says that Miss L is likely to have signed when she was taking out her credit card - whether that was done in a meeting, over the phone or by post. HSBC says that in each case, she would've had to sign a credit agreement confirming she wanted the PPI.

I've looked at the different agreements HSBC has provided. But neither Miss L nor HSBC know how the PPI had been taken out. So it isn't clear which type of agreement she would've signed. If some of the agreements had been used, it's likely Miss L would've understood the PPI was optional and she would've been asked to agree to PPI being added to her account. But Miss L says the PPI was added without her knowledge. And one of the agreements isn't so clear about this. So if that one was used, I can see how Miss L might not have realised she had a proper choice about whether to take PPI, or understood she was being asked to agree to it.

So taking everything into account, the evidence I've seen tends to support what Miss L says about not being made aware she had a choice about taking out PPI.

I've thought about everything HSBC has said, including what it said about the policy brochure, the PPI appearing on Miss L's credit card statements and the 'Insurance Sales Acknowledgement Slip'. But those points don't change my decision to uphold the complaint.

Miss L also mentioned that she was 'in and out of jobs' around the time that she opened her credit card account. As I've upheld Miss L's complaint because I don't think HSBC made it clear that the PPI was optional, I don't need to make a finding about whether this makes a difference to whether PPI was suitable for her.

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

HSBC should put Miss L in the financial position she'd be in now if she hadn't taken out PPI.

- A. HSBC should find out how much Miss L would have owed when she closed her credit card account if the policy hadn't been added.

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 Miss L owed when she closed her account and what she would have owed if she hadn't had PPI.

If Miss L made a successful claim under the PPI policy, HSBC can take off what she got for the claim from the amount it owes her.

- B. HSBC should add simple interest on the difference between what Miss L would have owed when she closed her account from when she closed it until she gets the refund. The interest rate should be 15% a year until April 1993 and 8% a year from then on.<sup>†</sup>
- C. If – when HSBC works out what Miss L would have owed each month without PPI – Miss L paid more than enough to clear her balance, HSBC should also pay simple interest on the extra Miss L paid. And it should carry on paying interest until the point when Miss L would've owed HSBC something on her credit card. The interest rate should be 15% a year until April 1993 and 8% a year from then on.<sup>†</sup>
- D. HSBC should tell Miss L what it's done to work out A, B and C.

<sup>†</sup> HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Miss L a certificate showing how much tax it's taken off if she asks for one.

### **my final decision**

For the reasons I've explained, I uphold Miss L's complaint.

HSBC Bank Plc should pay Miss L compensation in line with the instructions set out above.

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

Claire Marsh  
**ombudsman**