

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 2002. Mr B applied for the PPI at a meeting.

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've decided to uphold Mr B's complaint because I say this because I haven't seen enough to say that HSBC clearly explained to him that PPI was optional and that he chose to take it.

HSBC has given us an example of the loan agreement that it says Mr B would've completed. It's given us Mr B's original signature page for the agreement which shows he signed it. It has also shown that Mr B signed an 'Insurance Sales Acknowledgement Slip' at the same time.

The example agreement doesn't include a separate section where the consumer could've said if they wanted PPI or not. There is a pre-printed statement which says that the consumer had decided to take out the PPI. But the statement doesn't stand out from the rest of the agreement.

I don't know what Mr B was told about PPI (if anything) before he would've signed the agreement. It's our understanding of similar sales from that time that HSBC automatically included PPI when giving a quote for the loan. Mr B has said that he doesn't remember HSBC discussing PPI with him. I accept Mr B doesn't have a strong memory of the sale. But what we know of HSBC's sales practice from that time supports what Mr B's told us about HSBC not discussing PPI in detail with him.

Mr B did sign an 'Insurance Sales Acknowledgement Slip' which says that HSBC gave him a PPI brochure. But, Mr B was only confirming that HSBC had given him the brochure. I don't think this is enough to say that Mr B knew he had a choice about PPI.

HSBC says that the policy brochure explains the PPI was optional and that Mr B could cancel it. But if Mr B didn't know he had PPI, I think it's possible he wouldn't have thought to query it.

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

what HSBC needs to 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've 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 8% a year[†].
- 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.

[†] 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 5 November 2015.

Guy Mitchell
ombudsman