

complaint

Mrs S says HSBC Bank Plc mis-sold her payment protection insurance ("PPI").

background

This complaint is about a credit card PPI policy taken out in 2007.

Our adjudicator recommended that the complaint be upheld. 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's 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 this case.

Deciding this case has been made difficult because both Mrs S and HSBC have limited documentary evidence, as the sale of the PPI was so many years ago. I have however thought about the evidence that is available, including what Mrs S says she remembers from the time.

I've considered what HSBC has said, but I've still decided to uphold Mrs S's complaint. This is because I think it unlikely that HSBC gave Mrs S clear enough information about the costs and benefits of the policy. I say this because it appears likely that HSBC would not clearly have told her that interest would be payable on premiums – which would have the effect of making the cost higher; nor that she would have to still pay premiums during any claim – which would have cut the value of the benefits.

I think this would have mattered to Mrs S because she says she would have received work sickness benefits and had access to other means of support – all of which would have been worth more than 12 months of pay.

I think Mrs S has lost out as a result of HSBC's failings in this case, because I don't think she would have taken out the policy if she'd been properly informed.

fair compensation

HSBC Bank Plc should put Mrs S in the financial position she'd be in now if she hadn't taken out PPI. The policy should be cancelled if it hasn't been cancelled already and:

- A. HSBC Bank Plc should find out how much Mrs S would owe on her 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 Bank Plc should then refund the difference between what Mrs S owes and what she would have owed.

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

- B. If – when HSBC Bank Plc works out what Mrs S would have owed each month without PPI – Mrs S paid more than enough to clear her balance, HSBC Bank Plc should also pay simple interest on the extra Mrs S paid. And it should carry on paying interest until the point when Mrs S would've owed HSBC Bank Plc something on her credit card. The interest rate should be 8% a year.[†]
- C. HSBC Bank Plc should tell Mrs S what it's done to work out A and B.

[†] HM Revenue & Customs requires HSBC Bank Plc to take off tax from this interest. HSBC Bank Plc must give Mrs S a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons set out above, I uphold Mrs S's complaint.

I require HSBC Bank Plc to pay Mrs S compensation in accordance with the calculation of redress set out above.

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

Timothy Bailey
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