

## **complaint**

Mr S complained that HSBC Bank Plc (HSBC) mis-sold him PPI policies taken out with three loans. Mr S is unhappy with the compensation offered to settle his complaint.

## **background**

Mr S took out three PPI policies associated with three loans (references ending 3331, 7200 and 8509). The first loan was taken out in 1999 and the last loan in the chain was paid off in 2003.

HSBC offered to settle the complaint by paying compensation for the costs of the PPI. It said it was going to use the compensation to repay the debt that Mr S owed to the bank.

Mr S wasn't happy with what HSBC was offering to do. He felt HSBC should write off his debt and pay him compensation for all the trouble and upset he had been caused.

After Mr S brought his complaint to this service HSBC said it would pay the compensation direct to Mr S as the loans which the PPI was linked to didn't form part of the debt Mr S still owed to the bank.

Our adjudicator said they thought the amount of compensation and offer made by HSBC to pay the compensation directly to Mr S was fair.

Mr S didn't agree and has asked that an ombudsman looks at his complaint.

## **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 S's case.

HSBC has offered to settle Mr S's complaint and repay to him the costs of the PPI. So I am not looking at how the PPI was sold to Mr S.

During this complaint Mr S has raised many issues about the debt he owes to HSBC. In this decision I am only looking at the PPI sold with the three loans, 3331, 7200 and 8509. I have taken into account if the PPI sold with these loans has caused any consequential losses to Mr S and if the PPI forms part of the total debt Mr S still owes to HSBC.

The three loans formed a chain, each later loan refinancing the earlier loan. When each refinance took place the loan was repaid in full and the PPI policy attached to the loan was cancelled. At this point a partial rebate of the premium paid for the PPI which had been added to the loan was taken off the loan amount to be repaid. So Mr S didn't pay the full amount of the PPI premium for all his policies.

I have seen screen shot records from HSBC which show the following as the dates and costs of each PPI:-

PPI with Loan 1 reference ending 3331

Started: 03/12/1999.

Cancelled: 06/12/2002.

PPI Premium: £373.81.

Refund on cancellation: £24.79.

Amount of premium paid by Mr S: £349.02 (plus interest)

PPI with Loan 2 reference ending 7200

Started: 05/12/2002.

Cancelled: 26/2/2003.

PPI Premium: £543.92.

Refund on cancellation: £499.98.

Amount of premium paid by Mr S: £43.94 (plus interest)

PPI with Loan 3 reference ending 8509

Started: 24/02/2003.

Cancelled: 20/07/2003.

PPI Premium: £1,077.33.

Refund on cancellation: £906.98.

Amount of premium paid by Mr S: £170.35 (plus interest)

HSBC has no notes of how the last loan was repaid. But its records do show that it was paid off early, and in full, in 2003 and the PPI was cancelled.

I have also seen evidence that a county court judgement was obtained by HSBC for a debt owed by Mr S in 2008. This was some five years after he had settled the last loan 8509 in this chain. Mr S has had some financial problems, but as the last loan with which he had bought PPI cover was paid off in 2003, I don't think the debt this judgement was for was caused by the PPI sold to him.

So I don't think the debt Mr S owes to HSBC has anything to do with the sale of the PPI. I also don't think that HSBC should have said it was going to use the compensation it offered to Mr S to set against the debt he owed to HSBC. There was no link between these two debts and that was an error by HSBC.

HSBC has agreed it shouldn't use the compensation for the PPI to set off against other debts and has now offered to pay Mr S directly the PPI costs he has paid. In total it is offering to refund £732.33 which it says is the costs Mr S actually paid for the PPI. It has also offered 8% simple interest on this which made its offer in January 2013 a total of £1,289.82.

Looking at all the figures I think the amount HSBC has offered to refund the costs of the PPI is fair. But as it hasn't yet paid any compensation to Mr S it needs to update its 8% calculation. This interest is to compensate Mr S for being out of pocket and should be worked out to the date the compensation is paid to him.

As the last loan with PPI was cleared in 2003 and Mr S was not in any arrears on this loan, I don't think the sale of the PPI to Mr S caused his later debt, or that the amount he owes to HSBC includes an amount for the cost of the PPI. So I don't think Mr S's ongoing debt, the charging order and credit reference concerns he has raised are as a result of the PPI mis-sale.

Mr S has also raised issues that if he had known he had PPI he could have claimed on the policy and would not have got into debt. He has been advised about making retrospective claims, and I can't deal with any claim issues in this decision.

**my final decision**

For the reasons outlined above, I am not upholding this complaint of Mr S against HSBC Bank Plc. HSBC Bank Plc should pay directly to Mr S the amount it has worked out due as compensation and update the 8% simple interest to the date the payment is made.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 28 September 2015.

Christine Fraser  
**ombudsman**