

complaint

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

background

This complaint is about a single premium PPI policy taken out with a loan in 2001. Miss J 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 Miss J's case.

I've decided to uphold Miss J's complaint because I don't think HSBC made it clear that she had a choice about whether to take PPI or not. There's little to show how HSBC made Miss J aware that the PPI was optional, or how it gained her agreement to it being added to her account.

HSBC has sent us a copy of Miss J's loan agreement, which it says shows that she agreed to take out the PPI. But the agreement doesn't include a separate section where Miss J could've said if she wanted PPI or not. There is a pre-printed statement to the effect that Miss J had decided to take out the PPI. But I don't know what Miss J was told about PPI (if anything) before she signed the agreement. And the statement doesn't stand out from the rest of the agreement. So I think it would've been easy for Miss J to sign the agreement without realising she was taking out PPI – or to have thought it was just part of the loan.

HSBC says if PPI wasn't asked for, the statement added to the loan agreement would reflect this. But I don't think this is enough to show that a clear choice was given about PPI in Miss J's case. And Miss J says HSBC didn't tell her that the PPI was optional.

HSBC says that Miss J would've been given a policy document, which told her she could cancel the policy if she didn't want it. But if Miss J didn't know she had PPI or if she thought it was part of the agreement, there's a good chance she wouldn't have read the policy document or thought to question it. So I don't think this would've been enough to make Miss J aware that the PPI was optional.

So looking at everything, I think it's most likely Miss J took out the policy even though she didn't really want it. And I don't think she would've bought the policy if it had been made clear she had a choice about it. So, I think Miss J has lost out because of what HSBC did wrong.

what HSBC should do to put things right

Miss J borrowed extra to pay for the PPI, so her loan was bigger than it should've been. She paid more than she should've each month and it cost her more to repay the loan than it would've. So Miss J needs to get back the extra she's paid.

So, HSBC should:

- Work out and pay Miss J the difference between what she paid each month on the loan and what she would've paid without PPI.
- Work out and pay Miss J 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 Miss J paid from when she paid it until she gets it back. The rate of interest is 8% a year[†].
- If Miss J made a successful claim under the PPI policy, HSBC can take off what she got for the claim from the amount it owes her.

[†] HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Miss J 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 J's complaint.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 6 November 2015.

Ben Jennings
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