

complaint

Mr V's complaint is about the compensation HSBC Bank Plc (HSBC) offered to settle his complaint about the mis-sale of payment protection insurance (PPI) policies he took out with his credit card.

background

Mr V said he had paid more than the amount of compensation HSBC worked out was due to him for the mis-sale of PPI policies sold with his credit cards. HSBC said three cards were all on the same account and covered by one policy. But it said a fourth card was for a separate account and had a different PPI policy.

Mr V said the total offer of £890.79 for all the cards and policies wasn't correct.

The full background to this complaint is in my provisional decision issued in February 2016. A copy of that provisional decision is attached and forms part of this final decision.

Both parties have confirmed they have received my provisional decision. Mr V has accepted my findings and HSBC has also agreed the findings on how many policies there are and how it should work out the costs of the PPI that Mr V paid.

But HSBC doesn't agree that it should pay a further £200 for the trouble and upset caused that I said I intended to award.

my findings

I've carefully considered all the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances of this complaint.

I explained in my provisional decision why I thought the compensation offered by HSBC wasn't fair. From the evidence provided I said it appeared there were three, not two, policies covering the four cards.

I said unless additional evidence could be provided HSBC should work out the costs to Mr V on the basis there were three PPI policies.

I also said HSBC should:-

- provide clear calculations, with accurate data showing the payments made for PPI where it has the data, and show how it has worked out the compensation for each of the three PPI policies;
- provide explanations for any assumptions it makes when it has no data when working out the costs of the PPI; and
- update the 8% simple interest calculations to the date the final settlement is made to Mr V.

As both parties have agreed with my findings I intend to make no further comment here as the full details are in my provisional decision. And HSBC should now work out and pay the compensation due to Mr V.

HSBC has said it doesn't agree it should pay a further £200 for the trouble and upset caused to Mr V in the way it dealt with this complaint. It's said complaints of this sort which can take

time to resolve and it feels it has dealt with the complaint "*in a timely manner, including responding to any information requests in a reasonable timescale*". It has recently said it would offer £100 for the trouble and upset, although it maintains its view about how it has dealt with the complaint.

My award for trouble and upset was not only for the delays. As I said in my provisional findings, the information HSBC provided to Mr V has been confusing. Despite requests it hasn't explained on what basis it was making any assumptions and provided reasonable explanations for this. Its logic for treating this as two accounts, rather than three as it has now agreed to do, was always unclear and has never been explained.

I also said in my provisional decision that HSBC had been asked to provide a detailed breakdown of its records showing the monthly charges for PPI, including the accurate data it says it had from 1997. But it still has never provided that information and it's given no reason why this hasn't been provided. So I don't agree it has responded fully and clearly to avoid unnecessary delays in this particular case.

So I'm awarding £200 for both the way HSBC has dealt with the complaint as well as the delays that have been caused by what it has, or has not, done. I accept any complaint takes some time to process but in this case I consider the actions of HSBC have added to the delays and the need for this case to come to an ombudsman for a final decision.

As I've seen no further information to make me reconsider any of my findings I confirm what I said in my provisional decision.

my final decision

My final decision is that HSBC Bank Plc must make a new offer to Mr V based on there being three policies for his accounts. The compensation should be worked out as I've indicated above and also as I said in more detail in my provisional decision.

I'm also awarding Mr V an additional £200 for the trouble and upset caused by the way HSBC Bank Plc has dealt with this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 8 April 2016.

Christine Fraser
ombudsman

Copy of Provisional Decision

Complaint

Mr V's complaint is about the compensation HSBC Bank Plc (HSBC) offered to him to settle his complaint about payment protection insurance (PPI) policies taken out with his credit cards.

background

Mr V had a number of credit cards from HSBC and PPI was attached to the accounts. Mr V complained he was mis-sold the PPI policies.

HSBC at first said the PPI wasn't mis-sold. But after the complaint was brought to this service it made an offer to settle the complaint. HSBC said there were two accounts and two policies, but a number of credit cards were attached to the accounts. HSBC says in its offer that for three cards the PPI transferred to the different cards when they were upgraded. But it said for one card there was a separate policy

For the PPI with both accounts HSBC offered a total of £890.79 compensation. Mr V said this was far less than he felt he'd paid as the PPI and the cards had been active for a long time. So he wouldn't accept the offer.

Our adjudicator said the offer was fair. Mr V didn't agree and asked that an ombudsman look at his complaint.

my provisional findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

HSBC have agreed to uphold Mr V's complaint that the PPI was mis-sold and offered compensation so I shall not address the issue of how the PPI came to be sold to Mr V.

When it made its offer to settle Mr V's complaint HSBC sent Mr V two covering letters explaining its calculations. One letter covered cards 2638, 8573 and 2080. HSBC said these cards were linked as they had the same start date and its offer suggested only one policy applied to them all. HSBC provided a different cover letter and separate calculation amounts for card ending 7001. So this indicated 7001 had a separate PPI policy.

HSBC hasn't provided any clear information as to how it made its calculation for the three linked cards, 2638, 8573 and 2080.

At one point HSBC has also suggested that policy 8573 was linked to 7001. But no information to support this has been provided. Then it has recently said the card account ending 7001 was open at the same time as the card account for the other three cards.

card ending 7001

The records are not clear but overall I think card 7001 is separate to the other three cards. I've seen the records of the payments made for PPI on this card which started in 2007. And from what I can see I think the offer HSBC made for this card is fair.

This card did originally have a card with number 1888. But the records show this was replaced with card ending 7001 in February 2010. I think these cards were covered by one policy for the credit

account and that HSBC's offer of compensation is fair. If the amount offered hasn't been paid to Mr V the calculations need updating to reflect the correct amount of 8% simple interest to the date of settlement.

cards ending 2638, 2080 and 8573

On some records these cards are shown as starting at the same date in 1990. But during the course of this investigation HSBC has suggested that the cards started at different times. Recently HSBC sent internal screen shots but said *"there are inaccuracies with the "product Start Date" for cards ending 2080 and 8573"*. So it said the start and end dates for the policies were:-

card	policy start	policy end
2638	19/9/1990	25/9/2002
2080	25/6/2002	1/2/2005
8573	1/2/2005	present

But it hasn't said why it has decided these are the correct dates or why the information on its records doesn't show this.

In the records HSBC has sent the information recorded shows:-

card	policy start	policy end
2638	19/9/1990	25/9/2002 (cancelled – transferred to another account)
2080	19/9/1990	1/2/2005 (cancelled)
8573	19/9/1990(25/9/2002)	present (no cancellation date shown)

It seems a default date of 1990 may have been entered on one screen for all the cards. But it's unclear why HSBC is now saying the PPI for card 8573 started on 1/2/2005. The full screen shots show both the 1990 date but also a date of September 2002, not February 2005, as the start date for this card.

Looking at the information on the screens I think that card 2638 most likely was replaced by card 8573 in 2002. This is because the screen shots for both card accounts show the same date of 25 September 2002 as the end of one card and the start of the other.

The dates for card 2080 do not seem to tie in with either of the other cards, except for possibly the start date. But this is a default date that seems to have been used.

From what I've seen so far I think that cards 2638 and 8573 most likely were linked and covered by one PPI policy. But I think card 2080 may have run at the same time as the other two cards and had its own PPI policy, as was the case with card 7001. I think it's likely, from the information I've seen, that the PPI for card 2080 started in September 1990 and ended on 1 February 2005.

HSBC has been asked to provide a detailed breakdown of its records showing the monthly charges for PPI to the cards, that is the accurate data it says has from 1997. But it hasn't sent this information.

It has sent a list of payments made for PPI on the card ending 7001 and also on card 8573 for the period February 2005 to August 2005. It has on the payments data for 8573 also included a list of payments from January 1998 to January 2005 but no card reference number is given with these payments.

HSBC hasn't given any information on how it has worked out the PPI paid for the time when it doesn't hold any records. It needs to provide clear data and detailed calculations to show how it reaches its offer.

After careful consideration of all the information sent so far I don't think HSBC's offer of compensation is fair.

Unless HSBC can provide clear reasoning for the start and end dates it's now giving for the three cards it says are linked, I think it should work on the basis card 2080 was separate and ran at the same time as cards 2638 and 8573. So it should make an offer for the PPI on this card separately. If it has no records of the actual payments linked to this card at all it would be fair to make an average offer.

summary

I think the offer for card 7001 is fair but if not yet paid HSBC should recalculate this bringing the 8% simple interest up to date.

Unless clear evidence can be provided HSBC should treat cards 2638 and 8573 as linked covered by one PPI policy. It should use the data it has for payments from what seems to be January 1998 to August 2005 to work out the compensation due for this period. It should also show how it is working out the compensation due for the time before 1998 when there are no records of how much was paid.

Unless further information can be provided HSBC should then treat card 2080 as separate with a different PPI policy. I accept HSBC may not have enough information to show how much Mr V paid for PPI on this card. In that case, HSBC should make some assumptions around how much he paid using what it knows about how Mr V generally used his other cards to estimate the cost. And it should explain its assumptions when making its offer.

I think the information HSBC has provided is confusing and the way it's worked out the costs of the PPI Mr V paid remain unclear. It's many years since the accounts were opened and the PPI was sold with these cards, so it's understandable there are limited records available. But HSBC hasn't given any reasonable explanations for any assumptions it has made because of the lack of data. This has led to delays in this complaint being concluded.

So I am intending to direct HSBC to pay to Mr V an additional £200 for the trouble and upset caused by the delay which is the result of how HSBC has dealt with this complaint.

my provisional decision

Subject to any further comments received by the date given at the start of this decision, I'm intending to tell HSBC Bank Plc that its offer isn't fair. I also plan to tell HSBC Bank Plc to make a new offer.

HSBC Bank Plc should work out the compensation due to Mr V in line with what I've outlined above, subject to providing any further information which clarifies which cards are linked and the number of PPI policies which were in place.

I'm also intending to award Mr V an additional £200 for the trouble and upset caused by the way HSBC Bank Plc has dealt with this complaint.

Christine Fraser
ombudsman