

## **complaint**

Mr M says HSBC Bank Plc (HSBC) 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 2001. Mr M says he took out the loan and PPI during 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 M's case.

I've decided to uphold Mr M's complaint because I don't think HSBC made it clear that he had a choice about whether to take PPI or not.

There's little to show how HSBC made Mr M aware that he had a choice about the PPI, or how it gained his agreement to it being added to his account. And he says he wasn't given the option of taking the loan without PPI.

HSBC doesn't have Mr M's original paperwork to show how the loan was taken out but it's sent us an example agreement to show the kind of document Mr M would've completed. The agreement doesn't include a separate section where Mr M could've said if he wanted PPI or not. It looks like there would've been a pre-printed statement on Mr M's agreement to the effect that Mr M had decided to take out PPI. But I don't know what Mr M was told about PPI (if anything) before he 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 Mr M to sign the agreement without realising he was taking out PPI – or to have thought it was just part of the loan.

HSBC says that during the meeting a discussion would've taken place about PPI and if PPI wasn't asked for, the statement added to the loan agreement would reflect this. It's sent us an example of a loan agreement showing this statement. But the example it's sent us is from 2004 so I don't know if it would've applied to Mr M's sale in 2001. And in any case I don't think this is enough to show that a clear choice was given about PPI in Mr M's case.

HSBC says Mr T would've received a policy information pack that explains PPI could be cancelled. But if Mr M didn't know he had PPI or thought it was part of the agreement, there's a good chance he wouldn't have read this – or thought to question it.

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

### **what HSBC should do to put things right**

Mr M 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 M needs to get back the extra he's paid.

So, HSBC should:

- Work out and pay Mr M the difference between what he paid each month on the loan and what he would've paid without PPI.
- Work out and pay Mr M the difference between what it cost to pay off the loan and what it would have cost to pay off the loan without PPI.
- Add simple interest to the extra amount Mr M paid from when he paid it until he gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on<sup>†</sup>.
- If Mr M made a successful claim under the PPI policy, HSBC can take off what he got for the claim from the amount it owes him.

<sup>†</sup> HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Mr M 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 M's complaint.

HSBC Bank Plc should pay Mr M compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 November 2015.

Helen Sutcliffe  
**ombudsman**