

## **complaint**

Mr C says HSBC Bank Plc 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 2003. Mr C says he 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 Mr C's case.

I've decided to uphold Mr C's complaint. I say this because I haven't seen enough to say that HSBC clearly explained to him that PPI was optional and that he chose to take it.

HSBC doesn't know how Mr C took out the loan. But Mr C says that he applied for it in a branch. HSBC hasn't provided much to show that it would've explained that he had a choice about the PPI. It also hasn't shown how he would've agreed to take it out.

HSBC has sent us an example of the type of agreement it says it would've used. And it says that this shows Mr C would've agreed to take out the PPI. But the agreement doesn't include a separate section where the consumer could've said if they wanted PPI or not. There is a pre-printed statement which says that the consumer had decided to take out the PPI. But I don't know what Mr C was told about PPI (if anything) before he would've signed the agreement. And the statement doesn't stand out from the rest of the agreement.

HSBC says that it wouldn't have included this statement if the consumer didn't agree to it. But I don't think this is enough to show that Mr C was given a clear choice about PPI. So I think Mr C could've easily signed the agreement without realising he was taking out PPI – or thought it was just part of the loan. And Mr C says that he thought the PPI was part of the loan.

HSBC says that the policy brochure explains the PPI was optional and that Mr C could cancel it. But if Mr C thought PPI was part of the loan, I think it's possible he wouldn't have read it or thought to query it.

HSBC also says that Mr C would've signed an 'Insurance Sales Acknowledgement Slip' during the meeting. But the example it's provided is dated over a year after the sale. And it hasn't shown that Mr C did sign it. So I don't know whether Mr C would've seen this. In any case I don't think this is enough to show that he was given a choice about PPI.

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

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

Mr C borrowed extra to pay for the PPI, so his loan was bigger than it should've been and he paid more than he should've each month. So Mr C needs to get back the extra he paid.

I understand the loan and policy ran for the term of the loan. So, HSBC should:

- Work out and pay Mr C the difference between what he paid each month on the loan and what he would've paid each month without PPI.
- Add simple interest to the extra amount Mr C paid each month from when he paid it until he gets it back. The rate of interest is 8% a year<sup>†</sup>.
- If Mr C 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 C 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 C's complaint.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 November 2015.

Guy Mitchell  
**ombudsman**