

complaint

Mrs S says HSBC Bank Plc mis-sold her a payment protection insurance ('PPI') policy.

background

This complaint is about a regular premium policy taken out with a flexiloan in 1990.

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's 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 Mrs S's case.

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

HSBC hasn't been able to give us anything that shows Mrs S agreed to buy PPI. But it's given us an example of the type of application form Mrs S is likely to have signed when she was taking out the flexiloan.

The example requires consumers to tick a box if they didn't want to have PPI. So you had to "opt out" of taking it rather than choosing to have it. I think it would've been easy for a customer to sign the application without realising they were taking out PPI. There is a good chance they might have missed this section of the form altogether, or assumed that they had to tick to "opt in" if they wanted to buy it.

HSBC has given us another example agreement. It says this is what Mrs S would've signed if she chose not to take out PPI with her flexiloan. It has also provided an 'Insurance Sales Acknowledgement Slip' which it says Mrs S would've completed if she had chosen to take PPI. But these are both dated some years after Mrs S took out the flexiloan, so I think it's unlikely they would've been in use when she took out the policy. So the only example I've seen from close to the time of sale is the one I've talked about above.

HSBC has also referred to a policy brochure which it says informed Mrs S that the PPI was optional and could be cancelled. I've considered this document and whilst it says the policy can be cancelled, it doesn't refer to the PPI as optional. And in any case if Mrs S didn't know she had PPI, there's a good chance she wouldn't have read this – or thought to question it.

So looking at everything, I think it's most likely Mrs S 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 Mrs S has lost out because of what HSBC did wrong.

what HSBC should do to put things right

HSBC should put Mrs S in the position she'd be in now if she hadn't taken out PPI. The policy should be cancelled, if it hasn't been cancelled already, and HSBC should:

- Pay Mrs S the amount she paid each month for the PPI.
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 15% a year until April 1993 and 8% a year from then on†.
- If Mrs S 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 Mrs S 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 Mrs S's complaint.

HSBC Bank Plc should pay Mrs S compensation in line with the instructions set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs S to accept or reject my decision before 10 July 2015.

Lorna Goulding
ombudsman