

## **complaint**

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

## **background**

This complaint is about a credit card PPI policy taken out in 2003. The policy was added to Mr S's credit card account when he applied for the card.

Our adjudicator upheld the complaint. HSBC disagreed with the adjudicator's opinion.

## **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 Mr S's case.

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

Neither Mr S nor HSBC know how the PPI was taken out.

Mr S says he didn't know he had PPI and if he did he would like his premiums back.

HSBC hasn't been able to give us anything that shows Mr S agreed to buy PPI. HSBC's given us an example of the type of agreement Mr S is likely to have signed when he was taking out his credit card. HSBC says that he would've had to sign a credit agreement confirming he wanted the PPI.

The example agreement doesn't include a separate section where Mr S could've said if he wanted PPI or not. Instead, it asks Mr S to sign for the card, PPI and PIN number with one signature. And there isn't anything to make the statement about PPI stand out from the others. So I think it would've been easy for Mr S to sign the agreement without realising he was taking out PPI. And it wasn't clear that PPI wasn't just part of the credit card agreement.

HSBC also says if the policy was taken out in a meeting or by telephone that Mr S would've signed an 'Insurance Sales Acknowledgement Slip' – but again it hasn't been able to provide a copy signed by Mr S. So I don't know if Mr S would have seen this. And in any case I don't think this is enough to show that he was given a choice about PPI.

I can see that the policy brochure HSBC has given us said the PPI was optional and could be cancelled. But if Mr S 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. Although HSBC says his statements showed a charge for PPI, he's unlikely to have queried this if he didn't understand that it was something he didn't have to have.

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

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

HSBC should put Mr S in the financial position he'd be in now if he hadn't taken out PPI.

- A. HSBC should find out how much Mr S would owe on his credit card if the policy hadn't been added to it.

So, it should remove the PPI premiums added, as well as any interest charged on those premiums. It should also remove any charges that were caused by the mis-sale of the PPI – as well as any interest added to those charges.

HSBC should then refund the difference between what Mr S owes and what he would have owed.

If Mr S made a successful claim under the PPI policy, HSBC can take off what he got for the claim from the amount it owes him.

- B. If – when HSBC works out what Mr S would have owed each month without PPI – Mr S paid more than enough to clear his balance, HSBC should also pay simple interest on the extra Mr S paid. And it should carry on paying interest until the point when Mr S would've owed HSBC something on his credit card. The interest rate should be 8% a year<sup>†</sup>

- C. HSBC should tell Mr S what it's done to work out A and B.

<sup>†</sup> HM Revenue & Customs requires HSBC to take off tax from this interest. HSBC must give Mr S a certificate showing how much tax it's taken off if he asks for one.

**my final decision**

My final decision is that Mr S's complaint is upheld. HSBC Bank Plc must pay Mr S compensation as set out above.

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

Robert Collinson  
**ombudsman**