

complaint

Miss H says that HSBC Bank plc (HSBC) mis-sold her a regular premium payment protection insurance (PPI) policy with a 'FlexiLoan'.

background

HSBC sold Miss H the PPI in 2004. The PPI included life cover.

Our adjudicator upheld Miss H's complaint but HSBC didn't agree. So the complaint comes to me to decide.

my findings

I have 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 Miss H's complaint.

HSBC needed to make it clear to Miss H that the PPI was optional. Miss H said she didn't know it was optional. HSBC don't have copies of any of the documents Miss H signed at the time. They've sent us a copy of what they say is the standard form of credit agreement that Miss H would've signed.

The credit agreement does have some information about the PPI. But it doesn't have anything making it clear the PPI was optional – such as a separate signature box for Miss H to sign to confirm she wanted the PPI. The agreement had a box headed "Credit Protection Insurance" which said "I/We have decided to take FlexiLoan Protection." HSBC said this statement would only have been there if Miss H had chosen to take PPI. But I've not been given a copy of the actual agreement Miss H signed, so I can't say it's likely her agreement contained this statement. But even if it did, I don't think that statement makes clear the PPI was optional. For example, it doesn't allow Miss H to cross it out to show she didn't want PPI. And I think it's more likely that if Miss H had read that statement she'd just have thought it was saying she *had* to take PPI. Also, there is a box above called "REPAYMENT AUTHORITY" which states that the customer authorises HSBC to collect the loan and PPI repayments. Again, there is no option for Miss H to cross out the PPI part of the repayment authority. So I think this box would've reinforced Miss H's feeling that she had to take PPI.

HSBC said that Miss H also had to read and sign an 'insurance sales acknowledgement slip'. They've sent us a sample of the slip they say Miss H would've signed. But I don't know if Miss H did receive/sign this kind of slip. And even if she did, I don't think there's anything in it that would've highlighted that the PPI was optional.

I've explained why I don't think any of the documents HSBC have sent us made it clear the PPI was optional. So I can't say it's likely HSBC did do enough to make it clear to Miss H that the PPI they sold her was optional.

And so for the above reasons I uphold Miss H's complaint.

what HSBC should do to put things right

HSBC should put Miss H 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 Miss H 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 8%†.
- If Miss H 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 Miss H a certificate showing how much tax it's taken off if she asks for one.

my final decision

For the reasons I've explained above, I uphold Miss H's complaint.

HSBC Bank plc should pay Miss H compensation in line with the instructions set out above.

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

Julian Cridge
ombudsman