

The complaint

Mrs C and Mr W complain that HSBC UK Bank Plc trading as First Direct (“HSBC”) failed to provide them with historic account statements.

For ease, I will refer to most actions and comments as those of Mrs C.

What happened

Mrs C and Mr W had a joint account with HSBC which they closed in April 2023 by switching to a current account with another provider.

Mrs C said they applied for a mortgage in around June 2023 and were told by their mortgage broker that they needed to provide three months of bank statements. So Mrs C requested statements from HSBC in relation to the closed account in early June 2023.

HSBC told Mrs C the statements would be posted to her, but Mrs C said she didn’t receive them. Mrs C periodically contacted HSBC about the statements and reordered them several times. She made HSBC aware that mortgage interest rates were increasing while she waited for the statements and told HSBC she was unable to complete her mortgage application without them.

When the statements were not received by post, Mrs C asked HSBC to:

- Give her online access to the closed account.
- Send the statements to the email address she had registered with it.
- Allow her to collect the statements in branch.
- Send the statements by special delivery, to ensure safe delivery.

HSBC declined Mrs C’s requests.

Mrs C complained to HSBC several times about the statements not being received by her. In summary, she said she wasn’t able to access the data she wanted in the format she’d like. Mrs C said she’d used the chat option and was then directed to use the phone, but said her disabilities made contacting HSBC by phone difficult. She thought that HSBC’s actions, in removing the facility to access online banking after an account was closed, was discriminatory.

HSBC issued several complaint responses to Mrs C. In summary, these said:

- As the account was closed, Mrs C could not have accessed it online. She needed to call HSBC to discuss her accounts. It acknowledged the length of time Mrs C spent on the phone but said she didn’t know her password when she phoned and so it had to verify her in a different way, which made the call longer.
- It was unable to send statements other than through the post.
- It was unable to provide a bespoke statement – it could only provide copies of

statements that were generated monthly.

- It apologised for statements ordered that hadn't been received, but said it had no control over delays in the postal system. It said statements sent by post should have been received within five to seven days.
- That statements ordered on 4 July 2023 weren't sent out. It apologised for the inconvenience and offered £50 compensation.

Mrs C remained unhappy and so brought her complaint to this Service. At that point she said she still hadn't received statements and the interest rate of the mortgage she intended to take out had increased. Mrs C said this meant the mortgage was going to cost a lot more than they originally thought and the stress this situation created had exacerbated pre-existing mental health conditions for both she and Mr W.

Mrs C asked that HSBC provided the statements immediately; that it made accessing information and contacting it easier for disabled customers; that it should have changed its policy on providing statements by post and that it should have changed its policy on allowing customers access to closed accounts. Mrs C said HSBC should compensate her for the distress and inconvenience caused as well as the financial costs because of the failure to provide statements whilst interest rates had increased.

Mrs C let this Service know at the beginning of August 2023 that statements had been received by her. She was concerned about the whereabouts of the other statements, given the personal information contained in them. Mrs C also provided information about how much the mortgage she intended to take out had increased.

Our Investigator said HSBC hadn't made any errors here and so didn't uphold Mrs C and Mr W's complaint.

Mrs C didn't agree with what our Investigator said so this came to me for a decision.

I contacted Mrs C to get an update on the situation with her mortgage and she very helpfully provided me with additional information.

I issued a provisional decision on 16 September 2024 and said I intended to tell HSBC to pay an additional £200 compensation to Mrs C and Mr W, as I thought HSBC could have done more to try and ensure the bank statements reached them, given how important it was that they received them. And its failure to take other reasonable steps caused Mrs C and Mr W both distress and inconvenience. I also said that I didn't think HSBC's failure to provide them with the statements was the reason why their first mortgage application was declined in mid-June 2023. I gave both parties the opportunity to respond.

Mrs C responded and said she thought I had taken the statement from her broker out of context and that affordability was not an issue with her first mortgage being declined. Mrs C also said that it wasn't the case that she opted not to progress the mortgage application that was accepted in early July 2023. She said the mortgage progressed and was accepted at a rate of 5.61% and that she reapplied later when the rate dropped to 5.24% and this was accepted. Mrs C also thought it wasn't clear just what the security risks would have been if she had been allowed to access her statements via online banking. Mrs C also wanted more information about where her bank statements were sent by HSBC. She also said the post she received to her home for a different customer was a data breach that needed to be investigated.

HSBC did not respond.

I am now in a position to issue a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The crux of Mrs C's complaint is that she was asked by her mortgage broker to obtain bank statements in relation to a closed current account. Mrs C's broker told her these were needed to progress her mortgage application. But it took around two months for these to arrive by post at her home.

From what I can see, when the statements initially failed to arrive, Mrs C made some suggestions to HSBC about other ways, other than through the post, that it might try to ensure she received the statements. HSBC declined to do anything other than continue to try to send the statements by post. But I think in this situation HSBC could have done more to assist Mrs C. I'll explain why I say that.

I can see that HSBC told Mrs C in some of its responses to her that she had the option to request statements at the point in time she closed the account. But telling Mrs C she could have done something months before her first request for the statements in June 2023 isn't particularly helpful – Mrs C isn't expected to know that she might need access to statements from her old account some months prior to her mortgage application. This response didn't help Mrs C to get copies of the statements she was told she needed for her mortgage application.

As I said, HSBC told Mrs C that it would only send copies of statements by post. I think that HSBC's initial decision to use the postal service was a reasonable one. But I do think that when it became clear that Mrs C wasn't getting the statements, HSBC should have looked at reasonable alternatives so that it could assist with Mrs C's reasonable request to get copies of her statements.

Having said that, I don't think HSBC needed to provide Mrs C with online access to her old account. I think that stopping former customers from having online access is a reasonable security measure.

When Mrs C responded to my provisional decision, she asked for more information about just what security risks there might be if she was allowed to access her historic bank statements online. The issue here is that Mrs C was no longer a customer of HSBC at the point in time she requested her statements and, whatever the specific risks might be, HSBC don't have to allow individuals who are not its customers to access its online banking. This is a perfectly reasonable security measure.

I know Mrs C was also concerned about being told she had to request her statements by phone. While I understand the difficulties this caused her, given her particular needs, I can understand that HSBC would want to verify the identity of the person requesting the statements. I can also understand why HSBC had concerns about sending statements by email – again there can be security issues.

But I do think that HSBC could have sent the statements by special delivery. This would certainly have increased the cost of posting the statements for HSBC, but I think it had a duty of care towards Mrs C, as a former customer who needed reasonable access to her bank statements. HSBC should have done what it reasonably could to help Mrs C pursue her financial objectives, which in this case was Mrs C trying to obtain a mortgage.

So I think HSBC made an error here and I've considered what redress is fair, given the particular circumstances of this complaint.

Mrs C provided this Service with information about the increase in mortgage interest rates that happened while she was waiting to receive her statements. She would like consideration to be given to compensating her for the fact the mortgage she eventually took out had a higher interest rate than the mortgage she initially applied for. But I am not asking HSBC to compensate Mrs C for this, as I don't think it was HSBC's failure to provide Mrs C with bank statements at an earlier point that was the reason she was in a position where she needed to take out a mortgage with a higher interest rate than she had hoped. I'll explain why I say that.

From what I can see, Mrs C first applied for a mortgage in around early June 2023. And it was at this point that she said she approached HSBC in order to get copies of statements in relation to the account she had closed a few months before. But Mrs C said she didn't receive any statements from HSBC during June 2023.

Mrs C had a mortgage application declined in mid-June 2023. She's understandably concerned that this was because she wasn't able to provide bank statements in support of her application. But I can see that Mrs C's broker said the mortgage was declined '*...due to the fact that most lenders won't accept solely benefit income when assessing affordability.*' Mrs C's broker went on to say that those lenders who will consider benefit income wouldn't factor in a particular type of benefit, which then makes things unaffordable. Mrs C's broker said they weren't able to assist further, as there were no other options.

When she responded to my provisional decision, Mrs C said she thought I had taken what her broker said out of context. But I don't agree that I've misinterpreted the message being conveyed to Mrs C. I'm satisfied there was no mention of the lack of bank statements being the reason, or even a contributing factor, as to why the mortgage application wasn't progressed.

So although Mrs C might not have had the bank statements she requested at that stage, I think it's fair to say that the mortgage application wasn't turned down because of that. I think the message from Mrs C's broker indicates that there were affordability concerns with that particular lender. This means that I don't think it would be fair to hold HSBC accountable for this particular application being declined.

Mrs C confirmed she then applied for a mortgage with her current account provider in late June 2023, and I can see that her application was accepted in early July 2023. Mrs C said she opted to apply to her current account provider because less verification checks were needed, given that Mrs C had recently opened an account with them. Mrs C said the mortgage was progressed and accepted, and she and Mr W later reapplied when the rate had dropped, and this too was accepted.

What's relevant here is that I haven't seen anything that suggests the missing statements had a negative impact on Mrs C and Mr W being able to apply for and be accepted for a mortgage in early July. Mrs C didn't have the statements at that stage, but the mortgage application was, nonetheless, successful.

As I said, although Mrs C didn't receive her statements until early August 2023, I can't see that HSBC's failure to provide her with the statements is the reason why her first mortgage application was declined in mid-June 2023. And I can see she was given a mortgage in early July 2023, in spite of the fact she hadn't received the statements from HSBC at that point. So I don't think it would be fair to ask HSBC to compensate Mrs C for the fact she ended up taking out a mortgage at a higher interest rate than she initially hoped.

But, as I said, I do think HSBC could have done more to assist Mrs C with getting copies of the statements she was told she needed, and I think it caused both Mrs C and Mr W distress and inconvenience as a result. Applying for a mortgage can be a stressful process, and I can see how HSBC's failure to provide them with statements would have exacerbated this. I can also see that Mrs C and Mr W spent a good deal of time providing updates to HSBC about them not having received the statements, and this was clearly inconvenient for them. I've also taken into consideration what Mrs C has said about her and Mr W's health conditions.

I think a fair outcome here is for HSBC to pay an additional £200 compensation to Mrs C and Mr W for the distress and inconvenience that its failure to properly assist them with getting their bank statements caused. This would bring the total compensation amount to £250.

Mrs C mentioned that she is also concerned about where the statements sent to her might have gone, given that she didn't get them. But I'm afraid I can't see how HSBC would be able to help her to find out what happened to them.

I want to address a couple of questions raised by Mrs C when she responded to my provisional decision. She asked for details of what was found during the audit of the statements being requested by her and sent by HSBC. But I haven't relied on the audit trail information received from HSBC in arriving at my decision that HSBC could have done more to help Mrs C get copies of her statements. It's the case that I think it simply should have done more to help. So I won't outline here information that I haven't relied on in arriving at my decision.

Mrs C was also concerned about HSBC having sent her a letter, some time ago, that she says shouldn't have been sent to her. Mrs C asked for this to be investigated as a data breach. But I am not looking into that here – my decision will remain focused only on the complaint about Mrs C and Mr W not receiving bank statements requested by them. Our Investigator will be in touch with Mrs C about whether or not her complaint about the possible data breach can be taken forward.

My final decision

It's my final decision that HSBC UK Bank Plc, trading as First Direct need to pay compensation totalling £250 to Mrs C and Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr W to accept or reject my decision before 25 October 2024.

Martina Ryan
Ombudsman