

The complaint

Mr T complains that HSBC UK Bank Plc didn't provide him with the service or support it should have done when he experienced difficulties repaying his loan.

What happened

Mr T took out a loan with HSBC in December 2017. He had experienced some difficulties making the required repayments and freezes were applied to his account. In 2023, he entered a payment arrangement to pay three instalments of £716.14 on 1 April, 1 May and 1 June. He says he wasn't able to make the agreed payments and made his regular monthly repayment of £138.78 in the hope he could then renegotiate the payment arrangement. He said at end June 2023, he called HSBC to discuss his situation and was told the appropriate team would contact him. He says this didn't happen and HSBC defaulted his account without making any further contact. Mr T raised a complaint and HSBC accepted that it had failed to contact him when it said it would but said a letter about the default had been sent. Mr T said he didn't receive this. He wants the default removed from his credit file and a payment arrangement set up for the loan.

In its final response dated 1 August 2023, HSBC said that on a call in March 2023, a payment plan was agreed for April, May and June 2023 and Mr T was told if these payments weren't made then his account would default. It said payments weren't received and when Mr T called on 26 May he was told his account had been passed to its repayment service. Mr T asked for the repayment service to call him, and the adviser said he would receive a call. It noted that the adviser also said that Mr T could contact the team directly. HSBC said that it hadn't evidence that the repayment service called Mr T but said he was sent letters in June 2023 about the position of his account and the need to make contact. It said that the default couldn't be removed.

Following Mr T referring his complaint to this service, HSBC made an offer to Mr T to pay him £100 for failing to call him when it said it would. Mr T didn't accept this offer.

Our investigator thought the £100 compensation offered by HSBC for not calling Mr T was reasonable. She understood that Mr T wanted the default removed from his credit file but noting the steps HSBC had taken she thought the default had been applied correctly.

Mr T didn't agree with our investigator's view. He said that HSBC had said it would call him and this should have happened before it took any further action. He said he had moved house to reduce his outgoings so that he could repay the loan and avoid any default as he was looking to buy a house. He said that had HSBC called back he could have discussed how to avoid the default.

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.

I understand that Mr T is upset that HSBC defaulted his loan and I note his comment that he was looking to buy a house and so this is particularly distressing for him. But for me to uphold this complaint I would need to be satisfied that HSBC had done something wrong or treated Mr T unfairly.

Mr T was provided with a loan in December 2017 and his loan statements show that he experienced some issues with making his repayments. Based on the letters I have seen, HSBC set up a payment plan in August 2021 and applied a payment break in 2022 which suggests it was trying to assist Mr T when he was struggling.

However, Mr T's account remained in arrears and in January 2023 he was sent a default notice which explained that he would need to bring his account up to date by 7 February 2023. If this didn't happen the letter explained that it might issue a final demand for the full repayment of the loan, close the account and pass it to its Repayment Services team and that the default could be recorded on Mr T's credit file. Mr T didn't make the payment required in the default notice and was sent a final demand dated 20 February 2023.

The final demand required full repayment by 10 March 2023 but on 1 March 2023, Mr T called HSBC. On this call an income and expenditure assessment was undertaken and Mr T was told that if he made the full repayment of the loan within three months then his account wouldn't be defaulted. The monthly payment amount was confirmed, and Mr T said he would make the payments on 1 April, 1 May and 1 June. Based on this call, I find it was made clear to Mr T that if the full payment wasn't received within three months, then his account would be defaulted. I have looked at Mr T's loan statements and I can see he didn't make the agreed payments on 1 April and 1 May and as the full amount wasn't repaid within the three months, I cannot say that HSBC was wrong to take further action.

Mr T called HSBC on 26 May and on this call, he was told he would be contacted by the Repayment Services team. However, this didn't happen. This wasn't the service Mr T should have been provided with. However, considering the information he had previously been given, I do not find I can say that had HSBC called Mr T as agreed, this would have changed the outcome in regard to his account being defaulted. I say this because Mr T had been sent a default notice and final demand which he hadn't complied with. On the call on 1 March 2023, he was given a longer period to repay the loan and told if this didn't happen within three months the account would be defaulted. Therefore, I find he was made aware of the payments he needed to make to prevent a default being applied and as these weren't made on the required dates, I do not find I can say HSBC was wrong to apply the default.

Therefore, I have just considered the upset Mr T experienced by not receiving a call when he was told this would happen and, in this case, I find that the £100 offered by HSBC for this is reasonable.

Putting things right

HSBC UK Bank Plc should pay Mr T £100, as it has offered, as compensation for not calling Mr T when it said it would.

My final decision

My final decision is that HSBC UK Bank Plc's offer of £100 compensation for not calling Mr T is reasonable. I do not require it to take any further action additional to this offer in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 March 2024.

Jane Archer
Ombudsman