

The complaint

Mrs M is complaining about HSBC UK Bank Plc trading as first direct because of problems she encountered when making enquiries about settling her loan account. She's raised the following key issues:

- On 13 October 2023, HSBC failed to tell her the settlement quote given would override the earlier quote given on 6 October.
- On 17 October, HSBC's operator failed to confirm the amount that would be taken from her account and if she hadn't realised this was different to what she was expecting, she'd have needed to budget for further monthly repayments before the loan would be repaid.

Mrs M has also raised concerns about HSBC's response to her complaint, particularly its refusal to accept errors were made and the speed with which this was delivered.

What happened

In 2022, Mrs M took out a five-year loan with HSBC with monthly repayments of £135.

On 6 October 2023, Mrs M asked HSBC for a settlement figure to repay the loan. She was quoted £5,773.91 and was told this figure would be valid until 3 November. HSBC has confirmed interest was frozen during this period.

On 13 October, Mrs M asked HSBC for the settlement figure if she made two more repayments and paid off the balance in December. Unknown to Mrs M, HSBC's systems can only save one settlement quote and this now overrode the quote given on 6 October.

On 17 October, Mrs M called HSBC to settle the account. She initially believed she was settling on the terms offered on 6 October. When she queried the amount she'd need to pay, it became apparent that HSBC was working on the figure given on 13 October. Because the original figure had been deleted, a new quote was produced and this generated a settlement figure of £5,779.38.

The account was eventually settled based on 17 October figure, which was £5.47 higher than the figure quoted on 6 October and that was said to have been valid until 3 November.

In response to Mrs M's complaint, HSBC said it hadn't made any errors with the figures quoted. But it accepted it should have been clearer during communication on 13 and 17 October and that this would have avoided the confusion that arose. HSBC apologised and said it was paying £55.47 into Mrs M's account, consisting of £5.47 to cover the additional amount she paid to settle the loan and £50 compensation for her trouble and upset.

Our investigator didn't conclude the complaint should be upheld. She was satisfied HSBC had already offered adequate compensation for its service failings.

Mrs M didn't accept the investigator's assessment and asked for her case to be reviewed. She maintains that she would have been significantly out of pocket if she hadn't identified HSBC was initially going to settle the account based on the wrong quote as she'd have had to budget for further monthly payments before the loan was repaid.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

I think it's also relevant to explain that the Financial Ombudsman Service is not the industry regulator and we don't write the rules for financial businesses or have powers to fine or punish businesses where these aren't followed. This is the role of the Financial Conduct Authority (FCA). Our role is instead to consider individual disputes and reach what we believe is a fair and reasonable conclusion in the specific circumstances of each case.

It's perfectly understandable that Mrs M wanted alternative quotes so she could consider her options. HSBC maintains the figures it quoted were correct and didn't contain errors, but it accepts it could have been clearer and its service better so the problems Mrs M has outlined didn't arise. The issue I need to decide is what HSBC should do to put things right.

The principal aim of any compensation we award is to return the customer to the position they'd be in but for the errors or inappropriate actions of the business. This is relevant to Mrs M's complaint as she ended up paying £5.47 more than she should have done to settle the loan. By agreeing to refund this amount, I'm satisfied HSBC has returned her to the correct financial position.

Mrs M is also seeking compensation for money she feels she would have lost if she hadn't spotted HSBC were set to settle the account on the wrong basis. I understand the logic to her argument, but this wasn't an actual loss she incurred. In line with what I've said above, I won't be awarding compensating for a potential loss that didn't arise. I think it's also relevant to point out here that we don't typically award compensation for time and costs involved in making and pursuing a complaint.

This notwithstanding, I can see the issues she's described have caused Mrs M a degree of distress and inconvenience and I think she should be compensated for this.

The amount to award for distress and inconvenience can be difficult to assess as the same circumstances can affect different people in different ways. But in the circumstances of this case, I think the actual impact of what happened was modest and I believe the amount of £50 already offered by HSBC is fair and reasonable. In saying this, I'm conscious it took prompt action to investigate what had happened and put things right.

On the subject of complaint handling, I note Mrs M seems to believe HSBC responded within an hour of her making a complaint. But this isn't consistent with the information I've seen. She's provided a copy of her complaint and this records she contacted HSBC with her

concerns on 17 October at 12.06. HSBC has provided a copy of its response and this is dated for the following day, 18 October, at 13.24.

This notwithstanding, I understand the response was swift. But I'm satisfied HSBC had enough time to investigate the complaint fully and provide a valid final response. As I've explained, I also believe it reached a fair and reasonable outcome and I don't see how Mrs M would have benefitted if this had been delayed.

It's for these reasons that I'm not upholding Mrs M's complaint. I realise this outcome will be disappointing for her, but I'm satisfied HSBC has already made a fair and reasonable offer to resolve the situation. HSBC said it was crediting £55.47 to her account. If Mrs M hasn't received this for some reason, she should contact HSBC directly and I'd expect it to pay her this amount now.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 April 2024.

James Biles
Ombudsman