

The complaint

Mr S complains that HSBC UK Bank Plc (HSBC) transferred his account and defaulted it without warning.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

I know it will disappoint Mr S, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. Mr S's account was six months in arrears when the default notice was sent. I think by that point it was clear he wasn't able to make his contractual payments.

He was in a payment break but in those circumstances HSBC were entitled to continue with their usual collections and recoveries process and treat the account in default when it was sufficiently in arrears.

HSBC confirmed that was likely in the letter they sent to Mr S in April 2013 which confirmed the details of the conversation he had had with one of their agents, in which a Long Term No Affordability plan had been agreed. The letter explained that a default notice and final demand would still be sent.

While Mr S has explained he didn't receive that letter I think it's likely he understood what he was told on the earlier call, that the letter merely confirmed. He had understood that a LTNA had been agreed and despite the heavy accent of the agent I've listened to the call and think the advice was clear. The agent explained that a letter would be sent to confirm what had been agreed and I can't see that Mr S contacted HSBC when he didn't receive one.

But even if Mr S hadn't understood the potential for the account to be defaulted I don't think it's likely it would have changed matters. The account had been in arrears for many months

and the assessment of Mr S's income and expenditure suggested he could not sustainably afford repayments.

It's for those reasons that I think HSBC were reasonable to default his account.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 May 2024.

Phillip McMahon
Ombudsman