

The complaint

Mr and Mrs M's complaint arises from their mortgage account held with HSBC UK Bank Plc.

Their complaint is that, after discussing a payment plan with HSBC for their mortgage arrears and taking details of their income and expenditure (I&E), HSBC asked them to pay £900 per month towards the arrears. However, a week later HSBC said it had reviewed the figures and instead only required a payment of £500.

Mr and Mrs M say that, because of this, they believe the original demand for £900 was unfair and they are upset that HSBC will not answer any questions regarding the review.

Mr and Mrs M also say they have had issues with HSBC providing a redemption statement.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs M being identified.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs M have a mortgage with HSBC on two sub-accounts. Both accounts are in arrears and in July 2023 an eviction was pending.

On 4 July 2023, after discussing the account with HSBC, Mr and Mrs M agreed a payment plan where they'd pay an additional £450 per month to each sub-account, so a total of £900 per month in addition to the current monthly payment. Mr and Mrs M made this first payment on the same day. The eviction was cancelled.

HSBC reviewed the payment arrangement and on 12 July 2023 reduced the overpayments to £250 per month on each account. This was because HSBC considered the I&E to be incorrect and so the figure of £900 was based on inaccurate information. HSBC confirmed in writing that the new payment arrangement would be put in place for the months of August, September and October 2023.

In September 2023 Mr and Mrs M complained, saying they felt bullied by HSBC. They also say HSBC failed to provide an explanation of its review or answer their questions about it. In addition, redemption statements were requested. HSBC's records show they were sent on 9 October 2023, and were also available in the online banking portal.

However, Mr and Mrs M for some reason didn't receive the redemption statements and requested them again. Mr and Mrs M also continued to query the change in the repayment plans between 4 July 2023 and 12 July 2023. HSBC reiterated its previous position on this.

After being contacted again, HSBC acknowledged that the redemption statements that should have been sent on 24 October 2023 hadn't gone out. HSBC made arrangements to send these again and in its final response letter dated 31 October 2023, the bank paid compensation of £100.

Mr and Mrs M were still dissatisfied that their questions weren't being answered, and so referred their complaint to our service. An Investigator looked in depth at what had happened. She was satisfied that the figure of £900 had been based on inaccurate information (an incorrect figure for the monthly mortgage payment) and so HSBC was correct to adjust this on reviewing the figures. The Investigator explained that this was an error, and that HSBC had not tried to bully Mr and Mrs M.

The Investigator noted the £100 compensation offered by HSBC in its final response letter. She thought this was fair in all the circumstances.

Mr and Mrs M didn't accept the Investigator's findings and asked for an Ombudsman to review the complaint.

Provisional Decision of 15 August 2024

I issued a provisional decision in which I made the following findings.

Payment arrangement: HSBC has acknowledged that the £900 per month payment arrangement was set up on the basis of an inaccurate figure on the I&E for the monthly mortgage repayment. This was, in fact, higher than stated on the I&E and as a result it appeared Mr and Mrs M had more disposable income than they actually had.

HSBC carried out an internal audit on the payment arrangement, as a result of which the discrepancy was found and corrected. Mr and Mrs M have raised queries about this, but I can assure them there is nothing sinister about HSBC carrying out an internal audit. It is part of the checks and balances that the bank is required to have in place as part of its corporate governance. Internal audits provide assurance to the bank's management and Board of Directors, as well as the Financial Conduct Authority, that the bank's internal control systems are functioning as they should. If an error is identified, it can quickly be corrected, as was the case here.

I'm not persuaded that the £900 arrangement was evidence of bullying, as Mr and Mrs M have suggested. It was, as I've said above, based on an incorrect figure.

Redemption statements: HSBC sent out redemption statements by post, as requested by Mr and Mrs M on 9 October 2023. It seems these weren't received (although I note they were also available on the online banking portal). HSBC failed to request the statements on 24 October 2023 when asked to do so again, and these weren't sent until 31 October 2023.

I note HSBC paid £100 compensation for this, which I think is fair in all the circumstances.

I'm satisfied an error was made in relation to the £900 payment arrangement, as it was put in place based on an inaccurate figure. I don't think Mr and Mrs M have suffered any financial loss in relation to this. They paid the amount requested on 4 July 2023 (as a result of which the eviction due for the following day was

cancelled). Any overpayment would have reduced the arrears, so their net financial position hasn't been affected.

However, I'm satisfied the error made by HSBC caused Mr and Mrs M some distress and inconvenience, for which compensation is due. I note the error was quickly corrected, and so I think a further payment of £100 should be made by HSBC for this, taking into consideration that the error was corrected on 12 July 2023, just over a week after it had been made.

HSBC accepted the provisional decision. Mr and Mrs M repeated their previous points but made no new ones. They said they couldn't comprehend how the bank could have used an incorrect figure. They also said they've not yet received a redemption statement.

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.

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As no new evidence or arguments have been presented, I see no reason to depart from the conclusion reached in my provisional decision.

Putting things right

For the error made on the payment arrangement, I think a compensation payment for distress and inconvenience should be made by HSBC and I assess this at £100. This takes account of the short period before the error was identified and corrected.

For the error in not sending the redemption statements, HSBC has already paid compensation of £100, which I think is fair in all the circumstances. Mr and Mrs M say they have still not had their redemption statement, so HSBC should send a statement to Mr and Mrs M upon request.

My final decision

My decision is that I uphold this complaint. I direct HSBC UK Bank Plc to settle the complaint as set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 27 September 2024.

Jan O'Leary
Ombudsman