

The complaint

Mrs M is unhappy with how HSBC UK Bank Plc responded when she informed them that she was experiencing financial difficulties.

What happened

Mrs M has a credit card with HSBC. In June 2019 Mrs M contacted HSBC and explained that she was experiencing financial difficulties and asked HSBC to reduce the balance owing on the credit card by way of a settlement offer. HSBC sent an income and expenditure form to Mrs M so that they could better understand Mrs M's financial situation, but they didn't receive the completed form from Mrs M.

In November 2019, Mrs M contacted HSBC again and confirmed that she was experiencing financial difficulties and that she would like a reduced settlement on her credit card. HSBC conducted an income and expenditure assessment verbally with Mrs M at that time and following this HSBC didn't feel that a reduced settlement offer was warranted.

Instead, HSBC gave Mrs M a 60-day period of 'breathing space' during which time no interest or fees would be charged on the card. HSBC made this offer to enable Mrs M time to resolve uncertainties in her position and to consider her options, which included the possibility of applying for a consolidation loan which may have resulted in Mrs M paying a lower monthly repayment amount, albeit potentially over a longer term.

Mrs M wasn't happy that HSBC hadn't accepted her request for a reduced settlement amount, so she made a complaint.

HSBC looked at Mrs M's complaint, but they felt that they were under no obligation to offer Mrs M a reduced settlement amount and confirmed that they didn't feel that Mrs M's financial circumstances warranted such an offer. So, they didn't uphold Mrs M's complaint.

Mrs M wasn't satisfied with HSBC's response, and she was also unhappy that HSBC wouldn't correspond with a representative that she informed them by letter she wished to authorise on the account. So, she referred her complaint to this service.

One of our investigators looked at this complaint, but they also felt that HSBC hasn't been obliged to offer Mrs M a reduced settlement and that the 60-day breathing space that HSBC provided Mrs M did represent a positive and sympathetic approach to Mrs M's situation.

Our investigator also noted that HSBC had advised Mrs M that they required a Third Party Mandate to be completed by Mrs M before they would authorise her representative on her account, and because this hadn't been completed by Mrs M until several months after she made her initial request by letter, they didn't feel that HSBC had acted unfairly or unreasonably by not acknowledging Mrs M's representative until that time. So, they also didn't uphold the complaint.

Mrs M remained dissatisfied, and so the matter was escalated to an ombudsman for 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.

It's clear that Mrs M feels strongly about this complaint. But having conducted my review I find that I have reached the same outcome as our investigator here, and for essentially the same reasons.

I must begin by noting that Mrs M has engaged in lengthy correspondence with our investigator via her representative and has provided detailed rationales as to why she does not agree with the view put forward by our investigator. I hope Mrs M does not consider it a discourtesy that I will not respond in similar detail here. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. So, my response here will focus on what I consider to be the crux of this complaint.

This means that if I do not refer to a specific point raised by Mrs M it shouldn't be taken that I haven't read and considered that point, but rather that I don't feel that addressing that point would have any impact on the overall outcome of my decision.

Mrs M is of the opinion that HSBC did not treat her positively and sympathetically when declining her request for a reduced settlement offer. Where a customer has had the benefit of money on credit, it's almost always going to be the view of this service that it's fair that the customer pays that money back. However, in situations where a customer has told a business that they are experiencing financial difficulty, what this service would expect is that the business responds positively and sympathetically to that customer to enable them to make repayments that are appropriate to their current financial position.

In this instance, HSBC took income and expenditure information from Mrs M over the telephone. And whilst this information suggested that Mrs M might still be able to meet her repayments, HSBC acknowledged that there was some uncertainty around Mrs M's immediate financial future, including whether Mrs M might have found new employment. So, they gave Mrs M a period of 60-days 'breathing space' during which time interest and charges wouldn't accrue on the account.

This was to enable Mrs M to better understand what her financial circumstances might be moving forwards, including what her employment position might be, and the opportunity remained for Mrs M and HSBC to come to further arrangements if they were needed once that 60-day period had expired.

So, I'm satisfied that HSBC did respond to Mrs M positively and sympathetically here. They conducted an income and expenditure assessment and gave Mrs M a period where her account wouldn't accrue interest and charges so that she could see whether she would be able to continue with the required contractual payments - without the need for a payment plan or other action which would have impacted her credit file.

I understand that Mrs M believes that the income and expenditure information that she provided to HSBC at this time wasn't accurate, and so the information that HSBC based their assessment on was wrong. But this isn't something that I can fairly censure HSBC for, given that HSBC acted in good faith on the information provided to them.

Unfortunately, in this instance it appears that no further agreement was reached between Mrs M and HSBC, and I note that the lines of communication appear to have broken down because of a dispute between Mrs M and HSBC about whether Mrs M's representative was authorised to act on her behalf.

Mrs M has stated that she provided her authority to HSBC via a letter, whereas HSBC have advised that they requested a Third Party Mandate to be completed and returned to them in order for the authority to take effect.

Essentially, Mrs M is disagreeing here with HSBC's processes for authorising third party representatives on accounts. But it isn't within the remit of this service to instruct a business to change its processes, or to countermand them unless there it is clearly the case that an unfair outcome has come about as a result. But that isn't the case here, because Mrs M could have supplied the mandate to enable the authority to take effect, and HBC are entitled to request that a specific Third Party Mandate be completed to enable a representative to be authorised on an account.

Mrs M has stated that she didn't receive the mandates that HSBC sent. But HSBC have demonstrated to this service that several mandates were sent to Mrs M, and that they were sent to the correct address. This doesn't mean that Mrs M received these mandates, but this service is unable to hold a business accountable for undelivered post. So, while I can appreciate that this will be frustrating for Mrs M, I'm unable to uphold this aspect of her complaint on this basis.

All of which means that it's difficult for me to conclude that HSBC have treated Mrs M unfairly or unreasonably here, considering everything I have explained above, and I so I won't be upholding these aspects of her complaint or asking HSBC to take any further action in these regards.

However, I do note that HSBC did charge interest on Mrs M's account in January and February 2020, when the interest on the account was supposed to be frozen. I am therefore upholding this complaint on this basis only.

It is my understanding that HSBC have acknowledge their error in this regard and have already taken steps to reimburse the interest charged back to Mrs M's account. I feel that this represents a reasonable resolution, and so I won't be asking HSBC to take any addition action beyond this.

I realise that this won't be the outcome that Mrs M was wanting, but I hope that I have been able to explain why I consider this to be a fair and reasonable outcome to this complaint. If Mrs M is still in financial difficulty then it would be expected that HSBC would continue to treat her positively and sympathetically moving forwards, but this doesn't necessarily mean that HSBC would need to reduce or write off any balance currently outstanding.

Putting things right

HSBC should reimburse the interest charged in January and February 2020 back to Mrs M's account, if they have not already done so.

My final decision

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or

reject my decision before 29 March 2021.

Paul Cooper
Ombudsman