

The complaint

Mr P has complained that HSBC Bank UK Plc passed payments they received by standing order from him in relation to a debt to a third party company without his agreement.

I'll refer to the third party company as C.

What happened

Mr P took out a loan with HSBC in 2013. Mr P didn't keep up the repayments on the loan. And, in February 2016 HSBC wrote to him to say the arrears on the loan totalled just over £9,000. It seems Mr P agreed a payment plan with HSBC and set up a standing order to pay them £400 per month towards the debt. In 2017 HSBC sold the debt to C. HSBC have said they wrote to Mr P to tell him they'd done this and that he needed to cancel the standing order payment to them and set one up to pay C. Mr P has said he was abroad at the time, so he was not aware HSBC had sold the debt and that he needed to cancel his standing order payment to them.

When HSBC received the further standing order payments they passed the funds on to C. When Mr P found out about this he complained to HSBC. He said they had no right to pass on the funds, as the beneficiary for the payments was HSBC not C. HSBC responded to Mr P's complaint by simply saying they were legally entitled to sell a debt without their customer's permission. But, they did not address Mr P's point that they had no right to pass funds intended for them on to C.

Mr C complained to us. He again said that HSBC had no right to pass on funds intended for them to C. And he said he wanted all the funds returned to him with interest.

One of our investigators considered Mr P's complaint and didn't think HSBC had done anything wrong. This was because he thought HSBC were entitled to forward the money onto C to reduce Mr P's debt.

Mr P doesn't agree with our investigator and has asked for an ombudsman's decision. He's said that a standing order is a regular payment of a specified amount from one account to another. He thinks HSBC amended the standing order by forwarding the funds to C, when they should have returned the funds to him. Because of this he thinks HSBC have acted immorally.

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.

Whilst HSBC have not provided a copy of the actual loan agreement Mr P had with them, I'm satisfied that they were entitled to sell the debt that Mr P had. This is because I have seen a generic copy of the type of loan agreement Mr P had with HSBC and this allowed them to assign their rights to third parties. It seems Mr P accepts this. I also accept, based on what HSBC have said, that they wrote to Mr P at the address they held for him telling him they

were selling the debt and that he needed to cancel the standing order to them. I'm also satisfied HSBC did not know Mr P wasn't living at the address they held for him at this time.

I don't agree with Mr P that HSBC amended the standing order by forwarding the funds to C. The terms of the standing order didn't change. HSBC remained the beneficiary and received each payment as intended. What HSBC did was pass funds they got from Mr P, which they no longer needed, on to the company that they needed to go to, i.e. C. I think this was reasonable in the circumstances. After all, if HSBC had sent the funds back to the account they'd come from, C would then have not been receiving the money they needed for the debt Mr P had with them. This could have had a negative effect on Mr P's credit record and, potentially, put him in more financial difficulty. I do think HSBC should have written to Mr P again when the standing order payments continued. But, this wouldn't have helped, as Mr P was not at the address HSBC held.

In summary, I don't think HSBC did anything wrong in passing on the funds they received from Mr P to C. And I don't think Mr P lost out or suffered any detriment as a result of HSBC's failure to write to him again when the standing order payments continued.

My final decision

For the reasons set out above, I've decided not to uphold Mr P's complaint about HSBC UK Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 February 2022.

Robert Short
Ombudsman