

The complaint

A company, which I'll refer to as R, complains that because of the poor service it received from HSBC UK Bank Plc, it missed the deadline for converting its Coronavirus Business Interruption Loan (CBIL) to a Bounce Back Loan (BBL)

In bringing this complaint R is represented by its director, who I'll refer to as Mr G

What happened

On 22 March 2021, through their online chat service, Mr G contacted HSBC to let the bank know he wanted to convert the CBIL to a BBL.

At first HSBC told Mr G this couldn't be done because R had already successfully applied for and received the CBIL funds, which meant R wasn't eligible for a BBL. However, soon afterwards HSBC retracted their earlier advice. They told Mr G that R would in fact be eligible for the BBL so long as the amount it wanted to borrow didn't exceed the £50,000 BBL limit.

Mr G told HSBC that in order to adhere to that limit, R would repay £10,000 of the CBIL and afterwards convert the remaining £50,000 balance into a BBL. HSBC confirmed that would be acceptable. But Mr G wasn't able to repay the £10,000 using the bank's online facility as he'd intended. So, HSBC gave him their number for telephone banking so that with their help, Mr G could kickstart the process by first repaying the £10,000.

On 26 March Mr G rang HSBC and explained his intention. He says he was told that his proposal would be referred to the bank's BBL team.

A few days later, on 30 March Mr G called HSBC again for an update. Mr G said he was assured during that conversation that R's application would be accepted even if it wasn't progressed before 31 March 2021 – that being the last day when new applications could be made.

On 21 April, Mr G called HSBC once more for an update. At that point, HSBC told him that because R hadn't applied for the BBL before 31 March 2021, it had missed the deadline and therefore it wasn't possible to progress things further.

Mr G believed HSBC were responsible for him missing the deadline and complained to the bank. On 5 July 2021 R repaid its CBIL in full.

In their response to R's complaint, HSBC said that in order for R's CBIL to have been converted to a BBL, Mr G would first have needed submit an application on the BBL online portal. And when he did so he'd have come to a question asking if the BBL was to repay a CBIL. Then on receiving the application, the bank could have worked it manually to ensure repayment of the CBIL as R intended. However, HSBC maintained that Mr G did not submit the application before the 31 March 2021 deadline and therefore, they were no longer able to process it.

HSBC acknowledged, however, that Mr G did contact them before the 31 March regarding R's BBL application and that at times his calls were not returned. The bank acknowledged also that having listened to some of Mr G's calls, it didn't in fact advise him to submit R's application online and could, therefore, have made things clearer to Mr G.

HSBC concluded that R received poor service from them and was inconvenienced as a result. They paid R £200 compensation. Mr G didn't think that was a fair outcome and referred R's complaint to this service.

Our investigator thought Mr G did everything he could to submit R's BBL application to HSBC - including asking for help from the bank's online chat and later R's relationship manager, when it became clear an online BBL application wasn't possible. She agreed that in the circumstances, HSBC could have done more to help Mr G apply for the BBL.

Furthermore, our investigator wasn't satisfied that HSBC had explained to Mr G what he needed to do to repay £10,000 CBIL and convert the remaining loan to a BBL. And she didn't think the bank's suggestion that Mr G should have applied online was helpful because in truth that option was unavailable to him. Moreover, she felt it was unlikely in any event that the nature of the refinancing Mr G wanted to put in place could have been achieved through the bank's online process. Particularly, given that R still had a £60,000 outstanding CBIL, which meant R wasn't going to be eligible for a BBL without first adjusting the CBIL balance to bring it in line with the £50,000 BBL funding R was looking to put in place as a replacement.

To resolve the BBL application issue, the investigator recommended that HSBC consider an application for a BBL from R under an "exceptions process" that could be used in exceptional circumstances even though the Loan Scheme was otherwise closed to new applications. Then, if R's application was successful, HSBC should provide R with the BBL.

In relation to the bank's acknowledged poor customer service, the investigator felt the £200 HSBC offered R was fair and reasonable, especially against the background of the operational difficulties the bank was experiencing at time.

R and HSBC both accepted the investigator's conclusions. However, after carrying out the review requested by the investigator, HSBC said it hasn't been possible to consider R's application under the exceptions process as recommended by the investigator. They said this is because it didn't meet the applicable criteria, most notably because R hadn't actually submitted a BBL application in the first place.

That being the bank's position, the case was referred to me for review and final decision. The exceptions process has also since closed.

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 isn't in dispute that HSBC were at fault in the way they handled Mr G's attempts to apply for the BBL on behalf of R. And the bank accepted the investigator's recommendation of the steps they needed to take to put things right.

However, HSBC, explained that the stumbling block to putting into effect the investigator's recommendation was that R's application couldn't be considered under the exceptions process because it didn't meet the criteria set out by the British Business Bank.

There were only very limited circumstances in which the exceptions process could be utilised and I accept that HSBC wouldn't have been able to do so for R, given that the company hadn't ever made a BBL application. In any event, the exceptions process has since closed and so there is now no mechanism by which HSBC could provide a loan under the BBL Scheme even if it was inclined to do so.

In light of this, I've considered how HSBC ought fairly to put matters right given that the shortcomings in its service left R without a BBL. In particular, I've thought about whether a further and separate award of compensation would be appropriate for that.

The aim of compensation is to put a complainant back into the position, or as closely as possible that they would have been in had the error complained about not occurred. That easily stated objective, however, is not easy to achieve in practice.

Having considered this, I'm not persuaded HSBC's error caused R to suffer any financial loss for which compensation aimed at addressing that loss would be an appropriate remedy. I say that because R does not now have the CBIL – that has been repaid. And although I accept it is without the BBL it wished to have as a replacement, I'm not persuaded R is in a worse financial position as a result and therefore merits an award of compensation.

I wrote to Mr G on 25 November 2022 to determine whether he had any thoughts regarding an alternative redress.

Mr G and I later spoke on 12 December. He explained he was disappointed and upset the bank failed to assist him in his efforts to obtain a BBL on behalf of R. He said he wanted the bank to be punished to ensure that in future its customers do not experience the same poor service R received.

I explained to Mr G that unlike the Financial Conduct Authority who are the financial service industry regulators, our role is not to punish or fine such businesses and I cannot therefore do as he'd like me to do in relation to HSBC. I explained that my role is to determine whether in the circumstances of this case the bank has done anything wrong and if so to award compensation for any financial loss and/or inconvenience caused by the bank's action.

I reminded Mr G that it's not disputed that HSBC had provided poor service to R and that the investigator has already concluded the payment of £200 by the bank in recognition of that poor service was fair and reasonable, although whether that is true hasn't been considered by me.

Mr G confirmed that as the way forward he'd like me to consider this and to let him know what my decision is. So, I now turn to that consideration.

Mr G has told us that the main impact of HSBC's poor service which meant R was unable to apply for the BBL was that R had then to repay the CBIL straightaway because HSBC were starting to charge around £200 interest per month – the equivalent of £2,400 per year. He said R was already struggling financially in what had become a difficult time. He said R has now been left in financial uncertainty.

However, the decision to repay the CBIL was one taken by R in July 2021 and it happened after Mr G was told the BBL application wouldn't proceed. And furthermore, at the time the vast majority of the CBIL was unused and still in R's account.

I understand the decision to repay the CBIL was brought about by the interest that R was now expected to pay, when, as Mr G explained, R was struggling financially. In the

circumstances that may well have been a reasonable decision. In any case, as I've noted above, I've not been persuaded the circumstances that then unfolded meant R has been made worse off financially for which it should be compensated.

I now come to the question of whether with their £200 payment HSBC have sufficiently compensated R for their poor service.

In the period between 22 March when Mr G first approached HSBC regarding R wish to transfer the CBIL to a BBL and 21 April 2021 when Mr G was told the deadline had been missed, Mr G has told us he made a number of calls to HSBC and he also sent emails.

HSBC have acknowledged some of Mr G's calls were not returned. And as I noted above important calls were made on 26 and 30 March and 21 April 2021 in Mr G's attempt to determine the progress HSBC had made on R's application. But for HSBC's poor service such communication wouldn't, in my opinion have been necessary and is indicative therefore of the inconvenience R experienced

Putting things right

Having thought about this carefully and taking account also of the operational difficulties faced by the bank because of the high demand for BBLs, I'm satisfied the £200 the bank paid to R is fair and reasonable in the circumstances of this complaint.

My final decision

For the reasons stated above, I am satisfied that HSBC UK Bank Plc's payment of £200 in compensation to R is fair and reasonable in the circumstances of this case. I don't require HSBC UK Bank Plc to do anything more in respect of R's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 20 January 2023.

Asher Gordon
Ombudsman