

The complaint

Mr G complains about how HSBC UK Bank Plc has treated him in relation to a personal loan he has with it.

What happened

Mr G has a loan account with HSBC. He says he requested a payment holiday to defer loan repayments in June 2020, which HSBC authorised. Once the payment holiday ended, Mr G says that he started to make repayments to the loan again, but then requested an extension to the payment holiday in February 2021 – because his employment status hadn't changed as he had been furloughed due to the pandemic.

Mr G says that when he applied for the extension in February 2021, HSBC was very unhelpful and so he made a complaint, which was resolved to his satisfaction in March 2021. Then in April 2021, HSBC sent Mr G a text message to let him know that his account had fallen into arrears and it hadn't received a payment from him since September 2020. Mr G says that HSBC told him that it had no record of his request for the payment holiday extension and that he owed it money for non-payment of the loan.

Mr G made another complaint to HSBC in May 2021 about the issues he was experiencing.

Mr G says that HSBC's actions have had a great impact on him and his family. He says it has impacted his credit score, caused him unnecessary stress and sleepless nights with worry.

To put things right, Mr G says he would like an apology from HSBC, acknowledgement that its staff training is inadequate and compensation for the stress him and his family has been caused.

In March 2021, HSBC responded to Mr G's initial complaint and apologised for the service he had received during a call in February 2021. To compensate Mr G for the distress of the call it paid £400 into his bank account.

Then in May 2021, after Mr G made a second complaint, HSBC responded to this service to say that it acknowledged that a bank error had occurred. It said that Mr G didn't complete the payment holiday extension form correctly, which caused errors in the application being processed. HSBC has acknowledged that Mr G made a number of calls to sort things out. Mr G had to go through a second application and once this had been completed, HSBC confirmed that it was still reporting arrears on the account and so Mr G continued to receive calls about the arrears.

HSBC says that it has now removed the arrears from Mr G's account. HSBC said that to apologise for the service issues and the delay in processing the payment holiday extension, it wanted to offer Mr G an additional £150.

Our Investigator looked into things for Mr G and they thought the complaint should be upheld. They thought that Mr G had been asked to 'jump through hoops' in order for the

payment holiday extension to be initiated – and they didn't think that HSBC had acted in a way that showed any coherence in how the payment holiday extension request had been managed. The Investigator also found that some of the service Mr G had received on the phone from HSBC was of an extremely poor standard. And overall, the Investigator found that Mr G had been put under a large amount of unnecessary stress as a result of HSBC's actions. Because of this, the Investigator thought that HSBC should pay Mr G an additional £1,000 to compensate him – this is in addition to the £400 it has already paid for a poor service during phone call and the £150 it offered him for general poor service and delays.

Mr G didn't agree with the level of compensation suggested by the Investigator. He reiterated that the stress caused to him and his family could have been avoided if HSBC had handled things better.

HSBC also responded to the Investigator's view. It agreed that the payment holiday extension request could have been handled better from start to finish – and that far more calls took place than were reasonably expected. It also acknowledged that Mr G must have been 'at his wits end with the whole matter', but it said that the pandemic had affected everyone including its staff – which it feels is possibly the reason why personal comments were made during the calls and a lack of ownership to put things right. However, it also said that Mr G should have been listened to and supported during the difficult time he was going through. HSBC agreed with the Investigator's recommendation to pay £1,150 – which is in addition to the £400 already paid.

Because Mr G didn't agree with the level of compensation awarded by the Investigator, the complaint has been passed to me to decide on the matter.

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.

The background to this decision only provides a very brief summary of what has happened in the lifetime of this case. The facts are well known to both parties, and so I don't intend to go over these in a lot of detail here.

Both parties in this case now appear to be in agreement that HSBC's actions fell very short of what should be reasonably expected – both in terms of customer service and competency to process what ought to have been a relatively straightforward request. So whilst I've provided some key details below I won't be going into the fine details of what happened – for the avoidance of doubt, I agree that HSBC did something wrong here.

So, I will look to see whether the additional £1,000 that HSBC has now agreed to, is enough to compensate Mr G for all the things that HSBC got wrong.

Processing the payment holiday extension

During the course of the pandemic, the Financial Conduct Authority (FCA), the industry regulator, issued guidance that businesses, like HSBC, should follow when its consumers had been negatively impacted by the repercussions of the pandemic.

One of the measures the FCA suggested businesses took was to offer payment freezes for customers who might have difficulty in repaying loans or credit cards as a result of the pandemic.

Mr G works in the hospitality industry. It has been widely publicised how this industry has been negatively impacted by the effects of the pandemic. Mr G was furloughed by his employer in March 2020. And not long after, Mr G approached HSBC for a payment holiday on his loan – this payment holiday was accepted by HSBC and proceeded normally.

In February 2021, Mr G contacted HSBC again to request a payment holiday extension. And from here is where things started to go wrong.

As far as Mr G was concerned, the payment holiday extension went through and was accepted – which would mean he wouldn't have to make a repayment to the loan until June 2021. However, he then noticed that a payment for the loan had been taken from his current account. Mr G had to contact HSBC to let it know that he was in a payment holiday and that the payment should be reversed - he had to chase HSBC again to make sure this happened.

Mr G then waited a number of weeks, thinking that the payment holiday was still being processed, when he then started to get contacted about a missed payment. After many calls, Mr G was later told that his payment holiday request hadn't been added to the 'master spreadsheet', and then a number of calls later, he found out that his initial request had been declined because there was information missing from the application and he'd need to complete another income and expenditure.

After some calls later, Mr G eventually spoke to someone who went through an income and expenditure assessment with him, and this person confirmed on the phone the payment holiday had been accepted and he would receive a letter in the post in 7-10 days to confirm this. At this point, HSBC confirmed that his direct debit would be cancelled – which it appears it was.

Again, HSBC made a number of calls to Mr G about the arrears on the account – and to request that these were repaid. It then became apparent that the payment holiday request hadn't, yet again, been successful because there were arrears on the account.

Mr G then went into branch for help. The person in branch contacted HSBC's head office in an attempt to help Mr G, but the representative continued to state that Mr G would need to clear the arrears on the account before it would complete another income and expenditure to request the payment holiday extension.

This really is only a very brief summary of what happened. Mr G has had to go through a lot, over many months, while in financial difficulties due to the pandemic to get his payment holiday extension accepted. He has had two payment holiday extensions accepted which at least one of these was confirmed by HSBC in writing, only to be told these have been declined. Because HSBC cancelled Mr G's direct debit, he then went into arrears with the loan repayments, and he received many calls from its collections team to request a payment – even though he was supposed to be in a payment holiday.

I don't think the actions of HSBC here have been reasonable. It should have been a relatively straightforward process for Mr G to request an extension to the payment holiday and as I've explained above, it was far from this. Even if Mr G had made an error in the application initially, this should have been identified sooner and he shouldn't have been made to believe the requests had been accepted when they weren't.

Service on the phone

I have listened to all of the calls that HSBC has sent this service. It seems that there are some calls missing, but what I have listened to provides me with a clear indication as to the level of service Mr G was provided with.

I haven't commented on all of the calls here – the Investigator has given a good summary as to what happened in their view, so I don't think it necessary to go over these again. But I will comment on these more generally below.

It's clear from listening to the calls that some representatives were really trying to help Mr G and showed empathy for his situation and what he had been through. But unfortunately, even in these calls, little ownership was taken for Mr G's situation in putting things right.

There were some calls that were far below the standard of customer service I would expect. Some representatives came across as rude, unhelpful, unsupportive and lacked empathy for what Mr G was going through.

Mistakes weren't acknowledged, no ownership was taken to ensure that the problem Mr G was having was sorted out and incorrect information was given to Mr G about what was happening with his payment holiday.

Mr G made many calls to HSBC. And HSBC made many calls to him – especially once the account had gone into arrears. In fact, when the payment holiday was supposed to have gone through, and so a payment shouldn't have been due, HSBC called Mr G many times to ask him to repay the arrears.

HSBC has sent this service a recording of 16 separate calls. However, based on what I understand from the conversations that took place, and what HSBC has told us, there were more calls than this. It shouldn't have taken anywhere near this amount of calls for Mr G's payment holiday extension request to be processed. I appreciate that some of the calls made to Mr G weren't about the payment holiday – and were about repayment of the arrears. But Mr G should never have had to receive calls requesting repayment of the arrears had HSBC been more efficient in how it dealt with the payment holiday extension request. I find that the amount of contact Mr G had with HSBC was excessive, unnecessary and distressing for Mr G.

Mr G has said that he felt harassed by HSBC, and I can understand why he felt like this. He was also promised calls back that didn't happen. In some of the calls I have listened to, Mr G is clearly becoming very distressed and upset – which isn't surprising given what he had to go through.

Overall impact

It's probably worth noting here that Mr G has stated that his family were also under unnecessary stress as a result of HSBC's actions – this is understandable. But I don't have the power to take into account the impact to Mr G's family when considering a compensation award – I can only take into account the impact to Mr G himself.

Clearly Mr G and his wife have been greatly impacted by the pandemic – Mr G wasn't able to work and his wife was working on the front line in a hospital – I can't even begin to imagine how stressful the last few years have been for them. And things have been made much worse for Mr G by the actions of HSBC.

There's no doubt in my mind that HSBC handled things very poorly here. From the general lack of ownership in processing a request for a payment holiday extension, to how Mr G was sometimes spoken to on the phone, the sheer volume of calls that happened to sort out the issue, the impact to his credit file and the length of time it took to resolve the matter.

HSBC has already compensated Mr G £400 for the poor handling of one of the calls – Mr G has already explained that he was happy with this outcome – and I agree that this is fair compensation for this particular call.

HSBC has said it has now removed the arrears from Mr G's account. And I would also expect HSBC to remove any negative entries from his credit file in relation to the loan arrears.

I now need to decide whether the additional £1,150 is a fair amount to compensate Mr G – and I think it is. From what I've seen, Mr G hasn't been impacted financially as a result of what HSBC has done wrong – what I mean by this is that HSBC hasn't caused him a financial loss. So the compensation award relates to the distress and inconvenience HSBC's actions caused to him.

Our website gives examples of different levels of compensation that this service will likely award in certain example scenarios – these are a helpful guide for all parties when considering what might be fair compensation. I've thought about this in the context of the impact HSBC's actions had on Mr G. And in doing so, I think the most relevant compensation award is the one below:

“An award of over £750 and up to around £1,500 could be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even potentially a serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year. It could also be fair to award in this range if the business's actions resulted in a substantial short-term impact.

Examples at the higher end could include where the effects of the mistake are irreversible or have a lasting impact on someone's health or even resulted in a personal injury”

HSBC has agreed to pay Mr G £1,150 for the delays and poor service, and it has already paid him £400 for the service received on a particular call, so in total HSBC said it would pay Mr G £1,550.

There's no doubt in my mind that Mr G has suffered substantial distress because of HSBC's actions – this was very clear from listening to the calls he had with HSBC. And I also think there has been a disruption to his daily life over the course of many months. Mr G has said that HSBC's actions have impacted on his mental health – and I think this too is understandable.

Having thought carefully about all of this – also taking into account the guidance available on our website which I referred to above – I think the total HSBC has agreed to compensate Mr G is enough to reflect the impact this situation has had on him.

I understand that Mr G doesn't feel that this amount fully reflects what he has been through – and the reality is, that no amount of compensation can unwind what has happened and how this made Mr G feel at the time. And I really do empathise with what happened. But I do think overall this is a fair figure for the issues that have happened – and is in line with what we'd usually award in circumstances similar to those of Mr G.

Putting things right

HSBC must put things right for Mr G by doing the following:

- Pay him £1,150 to compensate him for the distress and inconvenience caused as a

direct result of its errors. This is in addition to the £400 it has already paid him.

- If it hasn't already done so, HSBC should remove any adverse data from Mr G's credit file that relates to the arrears on the account.

My final decision

For the reasons set out above, I uphold Mr G's complaint. I order HSBC UK Bank Plc to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 May 2022.

Sophie Wilkinson
Ombudsman