

## **The complaint**

A company, which I'll refer to as P, complains about how HSBC UK Bank Plc handled its applications for a Bounce Back Loan.

P's director, Mr Z, brings the complaint on its behalf.

## **What happened**

P applied for a Bounce Back Loan in May 2020. In the weeks that followed, Mr Z contacted HSBC for an update. He'd not heard back from the bank about the status of P's application, and he wanted to know if it had been successful or not.

As time went on, Mr Z became unhappy at the continued delay and lack of information about P's application. So, in August, he complained. In response, HSBC said that P's application would be reviewed as soon as possible. The bank couldn't guarantee when this would happen, though, because it said it had received such high demand for borrowing under the Bounce Back Loan Scheme.

Mr Z was still unhappy. He said he hadn't received anything from HSBC and felt that P's application was being ignored. He also said that the bank's delays had led to P incurring some losses. Specifically, that P had been unable to purchase a more economical vehicle and that it hadn't been able to hire additional staff to bring in more business. So, he referred P's complaint to our service.

In due course, an investigator here looked at what had happened. He saw that HSBC had since acknowledged the delays and poor service, offering P £300 in compensation for the inconvenience. P had declined the offer. The investigator could also see that P had made a second application in November, but it hadn't ever received a Bounce Back Loan and the Scheme had now ended.

The investigator found that the bank had, in fact, approved P for a Bounce Back Loan in September and November 2020. He could also see that the bank had sent P two Facility Offer Letters (loan agreements) at the time, but that neither agreement had been accepted and returned by P.

The investigator considered what Mr Z had said about not receiving any response from HSBC, and he thought that the bank should've done more to help. He referenced a particular call that was made to the bank in October. The investigator said that, in this call, Mr Z seemed to be unaware of the loan agreement that had been sent to P. So, HSBC should've resent it. But it hadn't, and nor had it taken any other action.

Further, the investigator also thought that the length of time P had waited for a decision was unreasonable even taking into account the unprecedented circumstances of the pandemic. He thought the bank hadn't ever been very clear on what was happening and, as a result, felt that P had been put to some considerable inconvenience.

To resolve the complaint, the investigator asked HSBC to increase its offer of compensation to £500. He also said that the bank should let P reapply for a Bounce Back Loan. But the investigator didn't agree that the bank should cover the consequential losses P had cited, because Mr Z hadn't provided sufficient evidence to support the claim.

HSBC said it accepted the recommendation to increase the offer of compensation, but it didn't agree to let P reapply for a Bounce Back Loan. The bank said the Scheme was now closed, and it could show that it had sent two loan agreements to P by email – to the correct email address – but P hadn't taken any action to accept and return them, so the offers had expired. HSBC also said it had told Mr Z that P could reapply during a phone call in January 2021, but P hadn't done so. The bank had also double-checked P's email address during the call, which Mr Z confirmed was correct.

In light of HSBC's comments, our investigator reconsidered what he'd initially recommended. He agreed that HSBC had sent two loan agreements to P's correct email address, but P hadn't then taken any action. He also accepted that the bank had explained to Mr Z that P could reapply in January 2021. But it hadn't done so.

So, overall, the investigator didn't think HSBC was responsible for P not receiving a Bounce Back Loan – and nor did he think it was unreasonable of the bank not to allow a further application after the Scheme had closed. Mr Z disagreed, he said that he didn't accept what the investigator had explained – and the amount of compensation offered didn't cover P's expenses.

As no agreement has been reached, the complaint has been passed to me to decide.

### **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.

Having done so, I've reached the same conclusion as our investigator and for broadly similar reasons. I'll explain why.

P initially applied for a Bounce Back Loan in May 2020, before submitting a further application in November. Mr Z has said that he didn't receive any response from the bank, which caused P to miss out on a Bounce Back Loan and incur some financial losses as a consequence.

I've reviewed HSBC's internal records, and I can see that the bank approved P for a Bounce Back Loan in September and November 2020. HSBC generated and sent two loan agreements, which needed to be accepted within 10 business days, to P's correct email address. But the offers expired because P didn't respond.

I've not seen anything which leads me to conclude that either email was returned or was undeliverable. In fact, HSBC has also been able to show that P did read the loan agreement it was sent in November, but not until February 2021 when it was too late to accept.

There wasn't any obligation for HSBC to chase P and confirm that it had received a loan agreement, or whether P accepted it or not. Nor do I think it would've been reasonable for

the bank to do so, given the unprecedented demand that it faced for borrowing under the Scheme. And taking all of this into consideration, I don't think that HSBC was ultimately responsible for P's Bounce Back Loan applications not progressing. Instead, it seems that P didn't take the necessary steps to complete the process – on both occasions – so the loan could be drawn down.

Aside from the two applications that P made in 2020, I know Mr Z has also said the bank later told him P couldn't reapply because he'd referred a complaint to this service. But HSBC's contact notes show me that, during a call in January 2021, Mr Z was told P could reapply. And I've not seen anything else which leads me to conclude that the bank wouldn't have allowed a further application from P because it had raised a complaint.

With that in mind, I'm satisfied that P had an opportunity to reapply when the Scheme was still open. So, I don't think the bank's decision not to allow a further application from P after the Scheme had closed was unreasonable.

Having said all of that, I do think HSBC's overall handling of P's initial application could have been better. While I know the bank was experiencing significant operational challenges at the time, it still took around four months for it to reach a decision. And I think P was entitled to expect a quicker response than that, as envisaged under the Bounce Back Loan Scheme.

I've also seen that, while he was waiting, Mr Z contacted the bank on several occasions to chase things up. Our investigator referenced one particular call, which Mr Z made in October. I've listened to a recording of it, and the adviser said she'd organise for the loan agreement issued in September to be resent, but I've not seen that it was – or that any other action was taken. So, although I don't think HSBC's lack of action during this call was the ultimate reason P didn't receive a Bounce Back Loan, I do think the bank could've done more to assist at the time.

The bank already accepts that it could've done better and that it put P to some inconvenience, so it's now offered to pay P £500 in compensation. Mr Z has said that he doesn't think that's enough because it doesn't cover the consequential losses P incurred.

I've considered everything he's said on these points but, given I don't think HSBC were responsible for P not receiving a Bounce Back Loan, it follows that I don't think the bank should be liable for any costs that P incurred as a result of not getting one.

On that basis, all I can fairly require HSBC to compensate P for is the inconvenience it was caused. And to that end, I think the £500 already offered by the bank is a fair and reasonable amount to reflect the inconvenience caused by HSBC's actions.

### **My final decision**

HSBC UK Bank Plc has already made an offer to pay P £500 to settle this complaint and I think this offer is fair in all the circumstances. So, I uphold this complaint and I require HSBC UK Bank Plc to pay P a total of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 25 April 2022.

Simon Louth  
**Ombudsman**