

## **The complaint**

A company, which I'll refer to as "S", complains about the way HSBC UK Bank Plc handled its application for a new account, which it needed in order to apply for a Bounce Back Loan.

One of S's directors, Mr H, brings the complaint on the company's behalf.

## **What happened**

S wanted to apply to HSBC for a loan under the Bounce Back Loan Scheme.

HSBC required customers to hold an account with the bank before it would offer them a Bounce Back Loan. S didn't hold any accounts with the bank, so it applied for a "feeder account". Its application was submitted on 18 August 2020.

Mr H says that having not heard anything from HSBC, he followed up with it in September 2020 and was reassured that it was underway. He says he also raised a query online the following month, but didn't receive a response.

After chasing the application up in January 2021, HSBC advised Mr H that the application had been cancelled. With the matter having been escalated by way of complaint, HSBC said in its response of 7 January that:

- The bank had attempted to contact Mr H on 23 September 2020 to clarify some information within S's application, but had been unable to reach him.
- It had then sent a text message to the contact number held on file, advising that the application should be restarted.
- Having not heard from S, the bank had rejected its application.
- Although the bank wasn't currently accepting new applications, if S still wanted to apply it could register its interest and would be notified when applications reopened.

Mr H wasn't satisfied with HSBC's response, so he referred the matter to us. He said that he'd not had any contact from the bank as it had suggested and was concerned as to S's future without access to the loan.

One of our investigators looked into things. She could see that HSBC had legitimately needed to clarify some information with S before it could proceed with the application, but thought it could've done more to try to resolve the matter before cancelling it – such as leaving a voicemail and requesting a call back or sending an email. So she recommended that HSBC consider a new application from S – and if it was successful, consider a Bounce Back Loan application.

Mr H accepted our investigator's view but HSBC didn't. The bank said that the application had failed due to an error on S's part in completing it, and that it had taken reasonable steps

to contact the company to clarify things. Moreover, by this time the Bounce Back Loan Scheme had closed for new applications and the bank didn't accept that the circumstances justified use of the "exceptions process" that permitted applications in certain conditions.

So with no resolution, the complaint was passed to me to decide.

### **My provisional decision**

I issued a provisional decision on S's complaint last month. I also thought the complaint should be upheld but reached a different conclusion on what HSBC needed to do to put things right. I said:

Having reviewed the records of S's application, I can see that it did contain some fairly minor inaccuracies that HSBC reasonably needed to clarify before it could proceed.

HSBC's records also show that it did make some attempts to contact S in order to do so. A note dated 23 September 2020 says that a call was attempted and that this was followed up with a text message. That said, the bank hasn't been able to verify that the call was made – or confirm the contact number used for either the call or text message.

In any event, even accepting that HSBC did reach out in the manner it's described I think it would've been reasonable for it to have done more to update S. It doesn't seem that HSBC left a message when unable to reach S's directors over the phone to obtain the information it needed. And I can't see that it took any steps at all to let S know that the application had been declined, or cancelled, given the missing information. Had it done so, S could've taken the necessary steps to progress or restart the application a lot sooner.

The Bounce Back Loan Scheme is now closed – even to exceptional applications, whatever the circumstances – so there is no means by which HSBC could consider an application from S now. And I don't think HSBC's actions deprived S of access to the Bounce Back Loan Scheme altogether. The company was aware in early January 2021 that its application had been declined – and the Loan Scheme was open for applications until 31 March 2021. So S was then free to approach an alternative lender – or register with the bank so that it could reapply when applications resumed.

I do, though, think that shortcomings in how HSBC dealt with the application put S to some inconvenience. The company had to chase up on more occasions than ought to have been necessary. And when it belatedly found out, in January 2021, that its application had been cancelled, it was unable to submit a new one – as HSBC had suspended new account applications. So S had to explore other options instead – to this end, I understand it sought a loan under the Recovery Loan Scheme. For this, I think it would be fair for HSBC to pay S compensation of £100.

I invited both parties to respond with any further information or comments they wanted me to consider before I made a final decision. HSBC accepted my provisional decision and S didn't respond.

### **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, and with no new information or evidence for me to take into account, I've not reached a different conclusion to that of my provisional decision. So this final decision simply confirms my provisional findings, as set out above.

### **My final decision**

For the reasons I've explained, I uphold this complaint and require HSBC UK Bank Plc to pay S compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 13 April 2022.

Ben Jennings  
**Ombudsman**