



The complaint

Miss M says the charges HSBC UK Bank Plc (“HSBC”) applied to her overdraft were unfair and made it extremely difficult to pay off. She is also unhappy about the amount of compensation awarded to her following an internal review of its recoveries process.

What happened

Miss M complained to HSBC following receipt of a cheque for £50 from HSBC to compensate her following a review of the service she received when she went into recoveries. She says £50 wasn't enough and complained that the charges HSBC applied to her overdraft made it extremely difficult to pay off.

HSBC say that although all the correct procedures had been followed in its collections and recoveries team on review it could've been better and what happened in 2019 isn't in line with what it would do today and compensated Miss M £50 as a gesture of goodwill. It says when Miss M was unable to repay her overdraft it followed the correct procedures to pursue the outstanding debt and that all entries recorded on Miss M credit file in relation to her bank account were applied correctly. Miss M was dis-satisfied with this and brought her complaint to this service.

Initially our adjudicator thought that Miss M's bank statements showed signs of financial difficulty and that HSBC should've stepped in to help her. But on review it was found that there wasn't enough information available to HSBC to say it ought to have treated Miss M's differently based on her financial circumstances.

Miss M disagreed, she says the fact she exceeded her overdraft limit, had returned direct debit payments and excessive amounts of withdrawals to fund a gambling habit should have been enough for HSBC to investigate further. So the complaint was passed to an ombudsman for a final decision.

Why I think we can only look at part of your complaint

The rules applying to this service say that, I can't look at a complaint made more than six years after the event being complained about – or (if later) more than three years after the complainant was aware, or ought reasonably to have been aware, of cause for complaint. This is Dispute Resolution rule 2.8.2R(2) – which can be found online in the Financial Conduct Authority's handbook.

Miss M raised her complaint in December 2020 in relation to charges applied to her overdraft. Six years before she raised her complaint is December 2014. And as the charges for use of the overdraft would've been notified to Miss M at the time they were being applied, I think she ought to have known enough to decide whether they were unfair or causing financial difficulty. So, I don't think that three years from when Miss M ought to be reasonably aware she had reason to complaint provides her with a longer period than the six year rule. So, I will only be looking at charges applied from December 2020.

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 considered everything provided, I've decided not to uphold Miss M's complaint. I'll explain why in a little more detail.

Miss M has referred to the proportionality of the charges applied to her account. But before I go any further, I want to be clear in saying that I haven't considered whether the various amounts HSBC charged over the years were fair and reasonable, or proportionate in comparison to the costs of the service provided.

Ultimately, how much a bank charges for services is a commercial decision. And it isn't something for me to get involved with. That said, while I'm not looking at HSBC's various charging structures per se, it won't have acted fairly and reasonably towards Miss M if it applied any interest, fees and charges to Miss M's account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Miss M was experiencing financial difficulty.

So I've considered whether there were instances where HSBC didn't treat Miss M fairly and reasonably. I don't think that HSBC did treat Miss M unfairly or unreasonably here though. I say this because having looked at Miss M's statements I don't think there is enough to suggest that HSBC ought to have realised she might have been experiencing financial difficulty prior to it being notified of this and taking steps to recover her debt.

Following a detailed look at Miss M's statements I can see that Miss M's financial position fluctuated over the period I've looked at – sometimes it improved, but overall it got progressively worse – until HSBC stepped in and the account went to recoveries. But I don't think from what I've seen that HSBC should've stepped in earlier.

Miss M regularly utilised her £400 overdraft and at times exceeded this. But I can also see she had low committed outgoings and was often able to bring her account back into credit with a regular income and at times made cash transfers to other accounts.

Miss M may argue her regular and high use of her overdraft was in itself an indication that she was struggling and that the excessive cash withdrawals to fund a gambling habit should've been enough to warrant further investigation by HSBC. But there is no evidence that HSBC were informed of her gambling or that it could tell what the cash withdrawals were being used for.

I accept this doesn't necessarily mean that Miss M wasn't experiencing financial difficulty. But there isn't enough on the statements in themselves which ought to have alerted HSBC to any potential financial difficulty.

So I don't think that it was unreasonable for HSBC to proceed with adding the interest, fees and charges it did in light of how Miss M's account was being used.

Miss M is also unhappy about the amount of compensation HSBC offered following review of its recoveries process. But HSBC did correctly follow its procedure at the time and the £50 compensation was an acknowledgement that it could've done better but that no mistake was made. So, as no error was made, I think that the compensation paid was fair and reasonable and in-line with what I would expect.

So overall and having considered everything, I don't think that HSBC Bank Plc treated Miss M unfairly or unreasonably and this means that I'm not upholding this complaint.

My final decision

For the reasons I've explained, I'm not upholding Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 May 2022.

Caroline Davies
Ombudsman