

The complaint

A company, which I'll refer to as "N", complains that errors by HSBC UK Bank Plc left it unable to obtain a loan under the Bounce Back Loan Scheme.

One of N's directors, Mr P, brings the complaint on the company's behalf.

What happened

N banks with HSBC. On N's behalf, Mr P applied to the bank for a Bounce Back Loan on 29 September 2020.

When completing the application, Mr P was asked to provide an email address. On submission of the application, HSBC emailed Mr P at that email address to confirm receipt of the application.

Having not heard anything further, Mr P began to chase HSBC for updates on N's application in November.

Unbeknownst to Mr P, HSBC had assessed and approved N's application. It had emailed a facility offer letter to N at the email address it held on file for the company – rather than to the address Mr P had given when making the application. That offer subsequently lapsed and the application was cancelled.

Having not heard anything from HSBC and with the deadline for the processing of loan applications approaching, Mr P made a number of enquiries in April and May 2021 which ultimately led to a complaint being raised. It was only then that Mr P became aware of what had happened. But by this time, it wasn't possible to reissue the facility offer letter or allow N to reapply – as the Scheme was closed to new applications.

Mr P says that he updated N's email address prior to applying for the loan. And in any event, he says he was led to believe by the bank's email confirming receipt of the application that HSBC would contact him using the details he'd provided when applying.

HSBC says it didn't do anything wrong in how it processed N's application. It says it emailed the facility offer letter to the registered email address it held for N for security reasons – and that a message informing applicants of this was displayed within its online application process. It has, however, accepted that it could've investigated things more thoroughly in light of Mr P's queries and has offered £200 compensation for this.

On initial review, our investigator thought the complaint should be upheld and recommended that HSBC allow N to reapply through an exceptions process in view of the circumstances. But the bank maintained its stance, so the complaint was passed to me to decide.

My provisional decision

I sent a provisional decision to both parties earlier this month, setting out why I thought the complaint should be upheld and how HSBC should put things right. I said:

Applications for Bounce Back Loans were completed online, in keeping with the aim of processing them and providing funding as quickly as possible.

When completing N's Bounce Back Loan application, Mr P was required to provide an email address. I think it would've been a reasonable assumption that contact thereafter would be through the email address he provided.

That assumption would then have been reinforced by the email acknowledgement that HSBC sent Mr P on receipt of N's application. The bank emailed Mr P at the email address he'd provided in the application, and said:

"Your request will be reviewed by HSBC and you will be contacted using the details you provided to progress further." (emphasis added)

Despite telling Mr P that it would be in touch with him through the contact details he'd provided, HSBC actually sent correspondence about the loan to a different email address. It says this is the one it held on file for N, although it's provided very little evidence – despite our requests – to demonstrate this, or refute Mr P's assertion that he amended this prior to the application.

HSBC says it made applicants aware of this aspect of its process, through a message displayed on its website that said:

"It's important we hold the correct information for you to prevent delays in your application. The email address you use should match the one we hold on file for you. To check these details, please ..."

The bank says Mr P would've seen this before submitting his application. But, again despite our requests, it hasn't been able to demonstrate how this information would've been presented. So I don't know at what point – if any – this message would've been displayed to Mr P, or how prominently. The message would also have been superseded by the email acknowledgement that Mr P received after applying.

So based on what I've seen so far, I don't think HSBC made N aware that correspondence about the loan would only be sent to the email address that it held on file for the company.

As a result, N didn't receive correspondence about the loan – most notably, the facility offer letter that was issued after the application was accepted. So N was entitled to the Bounce Back Loan and, had things gone as they should have, it would've had these funds around the end of September 2020. But ultimately it was left without them, as a consequence of how HSBC handled its application as well as how the bank dealt with Mr P's enquiries and subsequent complaint in May 2021. There was still time for HSBC to remedy the situation when our investigator recommended that the bank process N's application as an exception even after the Loan Scheme had closed – but it declined to do so. That mechanism no longer exists.

Matters have moved on while the complaint has been ongoing and I understand from Mr P that N does not now wish to borrow any money. So I'm not recommending that HSBC take any action to replicate or replace the Bounce Back Loan that should've been provided to the company. However, in addition to the £200 that HSBC has already offered to pay N in respect of how it handled Mr P's queries, I am also intending to require the bank to pay a further £300. This is to compensate the company for the inconvenience it was caused in having to pursue the matter for

several months in an ultimately unsuccessful attempt to access the loan to which it was entitled.

I invited both parties to let me have any comments or information they wanted me to take into account before I made a final decision. Both parties accepted my provisional decision without making any further submissions.

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 both parties having accepted my provisional findings without submitting anything further for me to consider, I see no reason to reach a different conclusion to that of my provisional decision.

This decision, therefore, 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 N compensation of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 27 May 2022.

Ben Jennings
Ombudsman