

## **The complaint**

Mr N is unhappy with the service he received from HSBC UK Bank Plc surrounding an application for a Bounce Bank Loan ("BBL")

## **What happened**

In August 2020, Mr N applied to HSBC for a BBL on behalf of his limited company, which I'll refer to as 'Z'. Mr N didn't receive any updates from HSBC about the status of the application, and so chased HSBC for an update in both October and November 2020.

Mr N eventually received an email from HSBC in March 2021. This email advised that HSBC had concerns about the legal entity status of Z. Mr N spoke with HSBC about this, and discovered that the HSBC business account for Z, which Mr N believed was a limited company account, was in fact a sole trader account, and that it was this discrepancy which was causing the issues with the application.

Mr N contacted HSBC about this, but was then told that the application had been declined and that because the deadline for new BBL applications had passed he wouldn't be able to reapply for a BBL. Mr N wasn't happy about this, so he raised a complaint.

HSBC looked at Mr N's complaint. But they didn't feel that they'd acted unfairly or unreasonably in how they'd managed the situation, and so they didn't uphold the complaint. Mr N wasn't satisfied with HSBC's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel that HSBC had acted unfairly by declining the BBL application on the basis that they did. But they did feel that HSBC had taken an unreasonably long time to advise Mr N about the nature of the complications with the application, and that Mr N had been unfairly inconvenienced as a result. So, our investigator recommended that this complaint be upheld in Mr N's favour on that limited basis, and that HSBC should make a compensation payment of £150 to Mr N.

Mr N didn't agree with the view of this complaint put forwards by our investigator, so the matter was escalated to an ombudsman for a final decision.

## **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'm satisfied that the HSBC account was set up by Mr N on a sole trader basis when it was first opened, and this is because it's evident that the account was set almost a year before Z was incorporated as a limited company.

Following the incorporation of Z, it was Mr N's responsibility to have contacted HSBC and to have changed the business account from a sole trader to a limited company account. But there's no record of Mr N ever contacting HSBC to change the business account to a limited company account, and so I don't feel that HSBC can be reasonably held responsible for the

complications that arose with the application because of the BBL being applied for against Z as a limited company when HSBC's understanding of the business continued to be that was being operated on a sole trader basis.

Ultimately, I'm satisfied that the BBL application that Mr N made in August 2020 was never going to be successful, because it referenced Z as being a different legal entity to that which HSBC had record of. And HSBC have confirmed that for the BBL application to have been resubmitted successfully, a new business bank account would need to have been opened for Z on a limited company basis, before any BBL re-application could be considered.

It follows from the above that I won't be upholding this complaint on the basis that Mr N would like here – i.e. I won't be instructing HSBC to provide Mr N with a loan on the same terms as the BBL. And this is because, as explained, I don't feel that HSBC acted unfairly or unreasonably for declining the BBL application made by Mr N for the reasons they did.

However, given that the BBL scheme was set up in response to the emergence and unprecedented financial impact of Covid-19, one of the intended features of the scheme was that lenders should make application decisions quickly. But in this instance HSBC didn't attempt to contact Mr N about the complications with the BBL application until February 2021, which was six months after Mr N made the application in August 2020.

This doesn't seem fair to me, and I do feel that Mr N has incurred a degree of trouble and upset that he reasonably shouldn't have incurred because of HSBC's delays in progressing the application. Consequently, I will be upholding this complaint on this limited basis only, and instructing HSBC to make a payment of £150 to Mr N.

Matters of compensation can be subjective, with an offer considered as being fair and reasonable by one party not being considered as being such by someone else. But in arriving at a compensation instruction of £150, I've considered that this compensation is solely in regard to HSBC's delays in moving the BBL application forwards, and isn't in any way an instruction against HSBC for declining the BBL application, which as explained previously I'm satisfied it was fair and reasonable for HSBC to have done.

I've also considered that while Mr N has confirmed that he did chase the status of the BBL application with HSBC, it seems reasonable to me that he could have chased the status of his application with HSBC on further occasions, which may have progressed matters more quickly. And this is especially the case as Mr N has confirmed that he made successful BBL applications for other businesses he owns, which I feel provided Mr N with an indication of the timeframes that such applications should take.

Mr N has confirmed to this service that his ability to contact HSBC was affected by his need to travel overseas for family matters, including bereavements. I can sympathise with Mr N in this regard and I understand how such things would take precedent. But given the impartial nature of this service, when arriving at the £150 compensation amount that I have, I had to consider the impact that Mr N being unable to contact HSBC may have had in regard to the application complications potentially being explained to him earlier than they were.

Of course, it can be argued that HSBC themselves should have done more to try to contact Mr N about the ongoing issues with his application. I'm in agreement with this point, and it's for this reason that I'm instructing the compensation to Mr N that I am. But I also feel that when it becomes evident that an application isn't progressing through a business as it should do – as was the case in this instance – a point can be reached whereby the business and the applicant must both bear responsibility for the application not moving forwards.

Mr N also feels that HSBC's delays in informing him about the application issues meant that

when he did learn about them the deadline for new BBL applications had passed. And I'm also aware that Mr N feels that because the other BBL applications he made to HSBC were successful, it stands to reason that the application he made for Z would also have been successful, had the complications surrounding that application been resolved sooner.

I can appreciate Mr N's frustration here, but HSBC tried to contact Mr N by telephone in February 2021 on two occasions, albeit unsuccessfully, before then cancelling the application on 18 March 2021 and emailing Mr N about this. But unfortunately, because Mr N was overseas, he didn't see this email until after the BBL deadline had passed.

As explained previously, I understand and appreciate that important personal matters meant that Mr N had to be overseas. But I don't feel that I can fairly or reasonably censure HSBC for not being able to contact him while he was overseas, or hold HSBC solely responsible for the deadline passing without Mr N becoming fully aware as to what had happened, especially as the responsibility for updating HSBC as to the incorporated status of Z, which was the root cause of all the issues, had rested with Mr N.

Finally, I note that that Mr N made a second application to HSBC which wasn't successful for the same reason as the first application – specifically, because Mr N applied on a limited company basis when his account with HSBC was as a sole trader. As such, much of the reasoning I've outlined above regarding the first application also applies to the second application, and so I won't be discussing the second application in further detail in this letter.

All of which means that while I will be upholding this complaint in Mr N's favour, I'll only be doing so on the limited basis explained above. I realise this won't be the outcome that Mr N was wanting, but I hope he'll understand, given all I've explained, why I've made the final decision I have.

### **Putting things right**

HSBC must make a payment of £150 to Mr N.

### **My final decision**

I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 6 September 2022.

Paul Cooper  
**Ombudsman**