

The complaint

Mrs S complains that HSBC UK Bank Plc changed the limits on her overdraft twice without justification. Mrs S also complains that HSBC did not comply with her requests on how she had to be contacted in relation to the complaint.

What happened

HSBC has sent to us some records and it seems that Mrs S has had the account with it for many years. That account has had an overdraft facility of £500 since 2006 and upon review in September 2021 that £500 overdraft limit was reduced to £50. A further letter was sent to Mrs S in December 2021 to say it had been further reduced to £0, effectively removing her overdraft facility completely.

When making her complaint by letter on 3 January 2022 and by way of our complaint form, Mrs S had made it clear that she wished to be contacted by post only. Mrs S had said: *'Please update my GDPR contact preferences to opt me out of all marketing and my contact preferences are in writing by post at anytime whatsoever.'*

Despite that, Mrs S has sent us evidence that HSBC had tried to call her and she has explained that she has received text messages and an email. I note that her final response letter from HSBC was an email and not a posted letter.

One of our adjudicators considered the complaint and thought that HSBC had done nothing wrong in relation to the overdraft facility reductions and ultimate removal. Although she accepted that the letter sent in December 2021 was confusing due to the wording.

She did think that the method of communication in relation to the complaint despite Mrs S requesting 'letter only' was wrong. She thought that for the distress and inconvenience a £50 compensation for the confusion and the complaint handling communication would be suitable.

Mrs S did not agree. She thinks that the term '*credit dormant*' has been misinterpreted. She thinks that £200 compensation would be more suitable. And Mrs S elaborates on how she considers the preferences to communication issue as being a serious one:

'The GDPR issue is serious in nature as I have confirmed my contact preferences over 10 times in writing by registered post since 2018. My initial letter to HSBC reiterated this instruction which should have been followed,...'

As for GDPR, our adjudicator referred Mrs S to the Information Commissioners' Office (ICO).

The unresolved complaint was 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.

HSBC is entitled to review an overdraft. Here I can see that Mrs S had the arrangement on that account for a long time and so it may have come as a shock to her for it to be removed, but I do not consider that HSBC has done anything wrong. It gave her notice and having checked the terms and conditions for HSBC bank accounts with overdrafts, then Mrs S had to have been given at least 30 days before carrying out the change falling into this category: *'Changes that aren't to your advantage relating to account benefits, cheques or overdrafts.'*

And HSBC, along with many other banks, often cite this in their terms and conditions – *'Overdrafts are meant to be for short-term borrowing.'* And although here Mrs S wasn't asked to repay her overdraft, it's open to HSBC to review it.

The second letter did seem incorrect where it says: *'The usage of your overdraft is higher than we'd currently like to see...'* and I say that because from HSBC records of Mrs S' usage the overdraft did not appear to have been used much or at all. But by asking HSBC to issue another letter is not likely to alter the outcome. It was clumsy of HSBC to issue what may have been a 'standard' letter to Mrs S.

HSBC has sent to us evidence of the usage by Mrs S by sending us copy bank transaction lists. I have reviewed those. I make no finding on the overdraft removal as that is a commercial matter for HSBC applying its criteria for overdrafts. But I wish Mrs S to know that I have considered the term *'credit dormant'* and from what I have seen from the HSBC evidence, it does not look like Mrs S used the account very often. And there were no salary or pension or benefit payments being credited which may have been what HSBC was referring to when it used that term. Its FRL semi-explained by saying that 'this' (meaning the term *'credit dormant'*) meant Mrs S *'no longer credit any funds into [sic] account...'*

And even if I am wrong on the interpretation of this term, as our adjudicator has said, HSBC is entitled to review the overdraft arrangements on an account and so long as the appropriate notice was given to Mrs S then HSBC had done nothing wrong. I am satisfied that Mrs S received the 30 days' notice. So, whether HSBC used that term or another was not likely to have made a difference to the outcome.

As for the communication issues then I agree – to not appreciate that Mrs S wishes to be communicated to in a particular way was wrong and Mrs S has sent evidence of messages and the FRL email being sent to her on 6 January 2022.

Having considered the amount of compensation, I think £50 to be satisfactory, fair, and reasonable. I know Mrs S was asking for £200 but I disagree with that figure as I am not satisfied that the level of inconvenience or distress warrants £200.

And I agree with our adjudicator that if Mrs S has additional issues relating to the wider subject surrounding GDPR then the ICO is the best office to communicate those issues.

Putting things right

HSBC ought to pay to Mrs S the sum of £50 as compensation for distress and inconvenience and confusion surrounding the letters received and/or not communicating with her in the manner she had asked.

My final decision

My final decision is that I uphold Mrs S' complaint in part and HSBC UK Bank Plc does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or

reject my decision before 19 July 2022.

Rachael Williams
Ombudsman