

## **The complaint**

Miss D has complained that HSBC UK Bank Plc (“HSBC”) acted unfairly by allowing her to go into unarranged overdraft which was unmanageable. She would like a refund of the charges and interest applied when she was in unarranged overdraft.

## **What happened**

Over a short period of time a number of transactions were authorised from Miss D’s account. These transactions put her over her arranged overdraft limit. Miss D complained to HSBC that it shouldn’t have allowed her to go so far above her arranged overdraft limit. HSBC says that the debit payment was a guaranteed payment method and that as Miss D had previously provided the retailer with authority to take payments it continued to use that authority when further purchases were made. HSBC declined to refund the charges incurred as it says there was no bank error.

Miss D was dis-satisfied with this and bought her complaint to this service. Following this HSBC agreed to refund Miss D’s charges and interest for the time she was in unarranged overdraft. As this is what Miss D had requested to settle the matter our adjudicator agreed this was a fair way to settle the complaint.

Miss D didn’t wish to accept this offer – as she doesn’t think this addresses the distress caused at being allowed to go so far into arrears and has asked for an ombudsman 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.

Firstly, to be clear my decision only addresses Miss D’s complaint point about being allowed to go into unarranged overdraft – my understanding is that the other complaint regarding disputed payments is being raised and dealt with separately.

Having carefully considered everything, I think that what HSBC has already agreed to do to put things right for Miss D is fair and reasonable in all the circumstances of this complaint.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we’d expect the business to put the consumer in the position they would be in if that wrong hadn’t taken place. And in an ideal world, we’d tell a business to put a consumer in the position they’d now be in if they hadn’t been charged the fees and given the credit they shouldn’t have and we *may* award modest compensation.

So where a business continues to allow a consumer to use a credit facility which it should have realised was unmanageable, we’d typically expect it to put the consumer in the position they’d be in now if they hadn’t paid any further interest and charges on that credit. This means we’d normally expect a lender to refund the interest and charges added to any credit from the point the lender ought to have realised it was unmanageable.

And in this case HSBC has already agreed to refund all the interest, fees and charges for the entire period Miss D was in unarranged overdraft. This is both in-line with what I'd expect if I'd found it had done something wrong, and with what Miss D has requested as a means to put things right.

So bearing all this in mind I'm satisfied that what HSBC has already agreed to do to put things right for Miss D is fair and reasonable in all the circumstances of this case and I'm not requiring it to do anything more. As this is the case, it's up to Miss D to decide whether she wishes to accept HSBC's offer.

### **My final decision**

For the reasons I've explained, I'm satisfied that what HSBC UK Bank Plc has already agreed to do to put things right for Miss D is fair and reasonable in the circumstances of this case. So I'm not requiring it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 July 2022.

Caroline Davies  
**Ombudsman**