

## The complaint

Mr P complains that HSBC Bank Plc (HSBC) failed to give him sufficient notice in line with the account terms and conditions when closing his credit card account.

## What happened

Mr P contacted HSBC in 2019 to tell them he'd lost his job and was struggling financially. By way of helping Mr P, HSBC offered to freeze the interest on his credit card. HSBC allowed Mr P to continue spending on the credit card, but Mr P was able to, and managed to keep up with the minimum monthly payments.

In April 2021 Mr P's credit card was due to expire. As he hadn't received a replacement card, he contacted HSBC and they arranged for a replacement card to be sent to his home address. A few weeks later Mr P was still without a card as the replacement hadn't arrived in the post. He called HSBC again and was told that there must have been an error and that they'd reorder the card again.

After a further week Mr P still hadn't received a card in the post – so he called HSBC again. This time he was told that the card wasn't reordered as the card had previously been reported '*lost/stolen*', to which Mr P confirmed this wasn't true.

HSBC looked into what had happened and said:

*'the interest free marker applied to your Credit Card resulted in a renewal card not being issued. After reviewing the agreement you had with our Financial Support Team (FST), it appears the team allowed you to continue using the card, which isn't something we usually do, as this will most likely result in the balance not being repaid in a reasonable time-frame'.*

Mr P was told that the card would not be renewed but the interest free marker would continue to stay on the account until the balance was repaid in full, but that no further spending on the card would be allowed. Mr P was advised that if he wanted to continue to have a credit card facility with HSBC, he'd have to make an application for a new one – but they couldn't guarantee that a new application would be accepted.

Mr P raised a complaint with HSBC as he was unhappy that he wasn't given notice of the termination of the account in line with the account terms and conditions. The terms say, '*we can end the agreement by giving you two months' notice in writing. In either case, you (and any additional cardholder) must stop using the account and if we provide any benefits with your card, they will also end. The agreement will continue until you have repaid everything you owe*'.

HSBC upheld Mr P's complaint and apologised for the trouble and upset caused by not giving him notice. They paid £200 towards Mr P's outstanding credit card balance as a way of compensating him for what had happened. Unhappy with the offer, Mr P contacted our service for help.

One of our investigators considered Mr P's complaint and didn't think the £200 compensation that HSBC had offered was enough. This was because he didn't think the compensation reflected the trouble and upset caused by not giving Mr P the two months' notice of the closure of the account. Mr P's monthly payments towards the credit card were £200 – so by HSBC compensating Mr P with £200, which they paid towards his outstanding balance reflected one month's minimum payment. The investigator said HSBC should pay an additional £200 to reflect the two months' notice Mr P didn't receive – so £400 in total which was equivalent to two months minimum payments.

HSBC accepted the investigators assessment and agreed to pay an additional £200 towards Mr P's outstanding credit card balance. But Mr P rejected the investigators findings as he didn't feel an additional £200 compensation was enough to reflect the trouble and upset caused after being a customer of HSBC's for over 15 years. As well as the fact that he's now in arrears of around £1,200 due to all of the errors made by HSBC. So, the case has been passed to me to consider.

### **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 have taken responsibility for the error – so it's not in dispute whether HSBC have done anything wrong. So, what I need to decide is what's a fair and reasonable resolution.

The interest free marker was placed on Mr P's credit card account in late 2019 after he contacted HSBC about his financial difficulties. HSBC don't have the recording of the telephone call they had with Mr P in 2019, and they can't provide copies of any follow-up correspondence with Mr P which set out the terms of the interest free arrangement. So, I can't say what Mr P was told in 2019 about the terms of the interest free marker and any possible implications this would have on how the account would operate in the future.

However, despite the interest free marker being placed on the account to help Mr P with his finances, HSBC still allowed Mr P to spend on the card. Therefore, Mr P had the benefit from the time the marker was added (2019) to when the card expired (2021) of being able to use the card for additional spending, interest free. So, while HSBC had made an error in continuing to allow Mr P to use the credit card during this time, Mr P had the benefit of this, as such he was in an advantageous position as he wasn't paying interest on any of the transactions he made.

HSBC didn't comply with the account terms and conditions when they closed Mr P's account when the card expired. The terms say, *'You can end this agreement at any time and without charge by giving us notice. We can end the agreement by giving you two months' notice in writing. In either case, you (and any additional cardholder) must stop using the account and if we provide any benefits with your card, they will also end. The agreement will continue until you have repaid everything you owe'.*

Mr P was also left without any notice that he wouldn't be able to continue to use the credit facility going forward unless he was eligible and successful in a new credit card application. This did inconvenience Mr P as he says he had to make several phone calls as to find out why he didn't have a new card to use, only to discover that the account had been closed without any prior warning. Mr P was also due a refund to the card following a return of a retail purchase. He was concerned the refund wouldn't credit the account as it was now closed.

I'm persuaded by the events that occurred that HSBC haven't been clear with Mr P about the arrangements for the interest free marker. They also failed to act on assurances they gave Mr P about reordering a replacement card. Mr P had to chase continually over many weeks to then be told the card wouldn't be replaced and that the account had been closed. So, I can understand how frustrating and distressing this must have been for him.

I've considered the distress and inconvenience Mr P has suffered as a result. Having done so, I agree with our investigator's findings and that HSBC making an additional payment of £200 towards the outstanding account balance is fair and reasonable in the circumstances. I know Mr P believes he should receive more compensation, but for the reasons I've described, such as having continued use of the card interest free, I don't think any more compensation is warranted other than the £200 HSBC have already agreed to pay towards Mr P's outstanding debt – making the total compensation paid £400.

### **My final decision**

For the reasons set out above, I'm upholding Mr P's complaint and I require HSBC Bank Plc to pay Mr P a further £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 August 2022.

Helen Giles  
**Ombudsman**