

The complaint

Mr Z is a sole trader. He complains that HSBC UK Bank Plc mishandled his application for a new account, which left him unable to apply to the bank for a Bounce Back Loan.

What happened

Mr Z wanted to apply to HSBC for a loan under the Bounce Back Loan Scheme.

HSBC required customers to hold an account with the bank before it would offer them a Bounce Back Loan. Mr Z didn't hold any accounts with the bank, so he applied for a "feeder account" on 21 September 2020.

HSBC contacted Mr Z in October to advise that it was having trouble progressing his application due to issues with the proof of ID and address he'd provided.

Mr Z visited a branch of HSBC in early November to provide the requisite documentation. This was successfully uploaded, but it was discovered on 10 November that the application had been cancelled.

By this time, HSBC had stopped accepting Bounce Back Loan applications from new customers like Mr Z. So it wasn't possible for Mr Z to resubmit his application. In light of this, HSBC suggested that Mr Z raise a complaint to see what could be done.

A complaint was duly logged and investigated by HSBC. The bank advised Mr Z on 12 November that it was unable to continue with the application. It said the application had expired as the relevant actions – including the ID and address verification – hadn't been completed within the necessary period of time.

Mr Z asked us to look into things as he said he'd been in touch with the bank about providing the information it had requested, including advising it of a delay due to needing to self-isolate along the way. He still needed a Bounce Back Loan and wanted HSBC to consider his application.

One of our investigators reviewed the complaint and thought it should be upheld. She understood that an application would only expire if left inactive for more than 30 days, but couldn't see that had been the case here. She noted, in particular, that the bank had asked Mr Z to resubmit his proof of ID and address on 26 October but that the application had expired at some point between then and 10 November. She couldn't see that HSBC had told Mr Z of any time limits or deadlines that applied, either.

To put things right, our investigator recommended that HSBC consider a new application from Mr Z – and if it was successful, consider a Bounce Back Loan application. She also thought the bank should pay Mr Z compensation of £200 for the distress and inconvenience caused by how it had handled things.

Mr Z accepted our investigator's view but HSBC didn't. After initially agreeing and paying the £200 compensation, it said it had found an email sent to Mr Z on 23 October reminding him

of the outstanding actions and advising him that the application would be cancelled if there was no activity within five days. The bank said that it wouldn't be willing to consider a Bounce Back Loan application from Mr Z as a result.

HSBC's response didn't change our investigator's view, as she said the apparent level of activity on the application and the bank's email of 26 October had suggested the application was still live. So with no resolution, the complaint was passed to me to decide.

My provisional decision

I issued a provisional decision on Mr Z's complaint earlier this month, explaining why I thought the £200 compensation that HSBC had already paid was a fair resolution to the matter. I said:

Mr Z submitted his account application on 21 September 2020. Under HSBC's standard process, such applications would expire after more than 30 days without activity. That means Mr Z needed to take the requisite steps to progress his application before 22 October.

HSBC's records indicate that it first contacted Mr Z about the outstanding ID and address documentation on 14 October. It then emailed him on 23 October with a reminder of the outstanding action. When doing so, it noted that the application hadn't been accessed in the last 31 days – referring to its timeframe for expiration – and advised that the application would be cancelled within five days if there was no activity within five days. I think it was clear from this email that Mr Z needed to complete the outstanding action within five days or the application would be cancelled.

I've then not seen that Mr Z took any action until he called HSBC on 3 November to advise that he had been unable to visit a branch to attend to the ID issues as he'd been self-isolating. While the delay was totally understandable and doubtless out of Mr Z's hands, I think the application had expired by this point in line with HSBC's standard process and as per the email it had sent to Mr Z on 23 October. So I don't think it is due to a fault on HSBC's part that Mr Z's account application lapsed.

It follows that I don't think HSBC deprived Mr Z of access to the Bounce Back Loan Scheme. By the time he was looking to resume his account application, HSBC had stopped accepting Bounce Back Loan applications from new customers (and so also ceased to offer the necessary feeder accounts).

It's also worth highlighting here that Mr Z had plenty of time to approach an alternative lender once HSBC advised him in November that it couldn't proceed with his application given that the Scheme ran until 31 March 2021. Mr Z could also have reapplied to HSBC down the line, as the bank later resumed accepting applications from new customers. In any event, the Bounce Back Loan Scheme is now closed – even to exceptional applications, whatever the circumstances – so there is no means by which HSBC could consider an application from Mr Z now even if I were to find in his favour on this point.

I think HSBC caused some confusion by how it handled Mr Z's application after he got in touch on 3 November 2020. As explained above, I think the application had lapsed by then. So when Mr Z called, he should've been told that. Instead, he was told to go into the branch to provide his ID and continue with the application. After providing the ID documentation and having not heard anything about the application, Mr Z then called the bank again on 10 November to chase an update and only at that point was he told that the application may have expired. None of this ought to have been

necessary – HSBC could've written to Mr Z to confirm that the application had lapsed at the time, or at the very least told him so when he called on 3 November.

So I think Mr Z was put to some avoidable inconvenience as a result of how HSBC handled his application, even if it didn't unfairly cancel it in the first place. The bank has already paid Mr Z compensation of £200, which I think is fair for the trouble and upset he was caused by these issues.

Taking all of the above into account, I'm not currently intending to require HSBC to take any further action in response to this complaint.

HSBC accepted my provisional decision. Mr Z didn't respond.

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 no further information or evidence for me to take into account following my provisional decision, I've not seen any reason to reach a different conclusion. So this final decision simply confirms my provisional findings, as set out above.

My final decision

HSBC UK Bank Plc has already paid Mr Z compensation of £200 and I think that is a fair way to resolve this complaint in all the circumstances, so I'm not requiring it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 23 August 2022.

Ben Jennings
Ombudsman