

The complaint

Mrs O complains that HSBC UK Bank Plc hasn't treated her fairly in relation to a loan. In particular, HSBC said she had to wait 40 days for an interest refund after she repaid the loan, and then said she didn't meet criteria for the refund.

What happened

Mrs O took out a loan with HSBC in 2016. HSBC offered a reward (a refund of part of the interest) if the loan is repaid in accordance with the scheduled payments. In mid-2021 Mrs O repaid the loan and asked about the reward. HSBC told Mrs O she isn't eligible for the reward as she repaid the loan early.

Our investigator said Mrs O made an overpayment in May 2021 which meant her loan was repaid early. Our investigator said Mrs O had correct information about the criteria for the reward before she made the overpayment. She said HSBC had given Mrs O incorrect information after this, but its offer of £100 for the inconvenience this caused was fair.

Mrs O didn't agree.

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 says Mrs O didn't meet criteria for the repayment reward because she made overpayments in May 2021. This resulted in the loan being repaid early.

HSBC gave Mrs O incorrect information about whether she was still eligible for the repayment reward *after* she'd made the overpayments. This caused her upset and inconvenience, and I think it's right that HSBC offered compensation. But I haven't seen evidence that Mrs O checked with HSBC *before* making the overpayments that she'd still be eligible for the repayment reward, or that HSBC misled her about this before she made the payment.

HSBC sent information with the loan agreement, which said "*we will pay a cashback equal to 10% of the interest charged...as long as you have made all your repayments on time and do not repay the loan, or part of it, early*".

Mrs O called HSBC on 4 May 2021. HSBC provided call recordings. Mrs O was concerned that a direct debit wasn't working as it should and if this would affect her credit file. She didn't ask about making overpayments, or how this would affect her eligibility for the repayment reward.

In her complaint Mrs O says she asked about the reward when she was at the point of the last repayment. She had numerous conversations following this, but HSBC didn't tell her the overpayment meant she was in danger of losing the reward. But, as I said, these discussions were after Mrs O had made the overpayments.

Mrs O made overpayments which resulted in the loan being repaid early. This meant she didn't qualify for the interest refund and HSBC should have told her this when she asked about the reward. But even if it had given her correct information at that time this wouldn't have meant Mrs O was entitled to the reward. It would though have saved her unnecessary trouble and inconvenience. Mrs O chased HSBC for the payment, she says her calls were put on hold for long periods and she was given inconsistent information.

Putting things right

HSBC offered compensation of £100 for the inconvenience caused by its error – failing to tell Mrs O she didn't qualify for the reward payment. I appreciate that Mrs O will be disappointed, but I think this is fair and reasonable in the circumstances.

My final decision

My decision is that HSBC UK Bank Plc should pay £100 to Mrs O. It can deduct any amounts it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 17 November 2022.

Ruth Stevenson
Ombudsman