

The complaint

A company, which I'll refer to as "D", complains about the service it received from HSBC UK Bank Plc when trying to apply to the bank for a loan under the Recovery Loan Scheme.

D's director, Mr R, brings the complaint on the company's behalf.

What happened

Mr R approached HSBC on D's behalf on 17 January 2022, submitting an online request to apply for a loan under the government-backed Recovery Loan Scheme.

The request was passed to a relationship manager ("RM") to take forward, who contacted Mr R on 28 January to ask for D's latest set of accounts and an overview of the company's loan requirements. This was information Mr R said he'd already submitted within his online application, but emailed it over to the RM that day to move matters forward.

Mr R didn't hear anything from HSBC over the days and weeks that followed. He made a number of attempts to contact the RM to no avail, ultimately leading to a complaint being raised in mid-February 2022.

HSBC responded to Mr R on 24 February, acknowledging that the level of service he'd received had fallen below the standard he was entitled to expect. It explained that its online system hadn't been working, hence the RM's request for information that Mr R had already sent. The RM had subsequently been out of the office, but the bank assured Mr R that the application would be followed up by a colleague. To put things right, HSBC apologised and paid £50 to compensate D for any inconvenience caused.

Mr R remained unhappy, so he asked us to look into things. While noting that there had been no direct financial loss to the company, he said that he'd wasted about ten hours on the application – and had still been left unable to access the government-backed support that was purportedly on offer. He highlighted that he billed his time at just under £60 an hour, and thought the bank should pay compensation at that rate.

After the matter was escalated to us, HSBC reviewed the matter afresh and offered to pay D a further £50 by way of compensation. Our investigator thought that represented a fair resolution to the matter, but Mr R didn't wish to accept it. So the 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.

As HSBC has accepted, there were obvious shortcomings in how it handled D's loan application. The application was made on 17 January but wasn't progressed in any meaningful way over the month that followed, despite Mr R providing the bank with the information it needed and his several attempts to prompt some progress.

After that month had passed, Mr R raised a complaint. So it is that period alone to which this complaint relates. If Mr R is unhappy with any subsequent delays or broader handling of the application by the bank, he'd need to raise a further complaint with HSBC so that it has the opportunity to investigate and address any such matters before we're able to get involved.

Mr R has described making a number of attempts to contact HSBC over the month in question that all, ultimately, proved unsuccessful in prompting any progress. A month was wasted in progressing D's loan application one way or another – a wholly avoidable delay caused by the bank's errors. This is predominantly because the RM was away from the office, with the matter not being picked up in his absence.

It's right that D is compensated for any impact it suffered as a result of HSBC's errors. By Mr R's own admission, the company didn't suffer a direct financial loss. He's explained that he was only looking for a quote from HSBC at the time, with a view to shopping around for the lowest interest rate. It's unclear to me if D would've gone on to take out a loan with HSBC, even if things had progressed more quickly. D also remained free to enquire and apply elsewhere, with at least the former appearing to have been Mr R's intention anyway.

I've also noted Mr R's understandable concern that HSBC "lost" the information he provided when initiating the application online. HSBC says that this information wasn't retrievable by the RM due to a system issue. There is no suggestion that the information has ended up with any third parties and I've not seen any impact to the company beyond Mr R having to email the information across to the RM subsequently.

It is, therefore, a matter only of compensating D for the avoidable inconvenience it was caused by the poor service it received. Mr R has described making numerous attempts – through text message, email and phone calls – to reach the RM and drive some progress with the application. Some of these are evidenced by HSBC's records while others are not, but I've no reason to doubt Mr R's recollections. Clearly this additional correspondence put D to some inconvenience, with Mr R as its director being taken away from the company's day-to-day affairs for longer than ought to have been necessary. I think the revised amount of £100 is fair compensation for this.

I appreciate Mr R feels this doesn't go far enough, primarily as he has calculated an alternative amount based on the amount of time he believes he spent on the matter and the hourly rate he charges for his professional services. We don't typically award compensation based on units of time or a complainant's hourly rate – rather we look at the overall impact that the financial business's mistake had. And while I accept that dealing with this matter would've taken Mr R away from D's day-to-day activities, I've not seen that it caused a loss of business such that a separate award for financial loss ought to be made. I'd also highlight that the amount I've awarded doesn't factor in any stress or upset that Mr R was caused personally, as under our rules it is the company rather than its director that it is the eligible complainant and to whom we can award compensation. And a limited company cannot suffer any emotional impact. So while I've taken into account everything Mr R has told us, I think that the total of £100 compensation that HSBC has now offered to pay D is a fair way to put things right.

I've also noted that Mr R has made a number of points requesting what I would broadly describe as disciplinary action against HSBC, requesting at different points that we instruct it to make changes to how it operates and that we reprimand and penalise it for the errors it's made. We aren't the industry regulator – that's the Financial Conduct Authority (FCA) – and do not have the power to direct businesses to amend their broader business practices, or fine them when things have gone wrong. Rather we deal with individual disputes between customers and their financial service providers – and, where we think things have gone

wrong, have the power to tell the business what to do to put the situation right. I've set out what I think is a fair way to resolve D's complaint about HSBC having considered the individual circumstances of the dispute – in keeping with our role and remit. Mr R is free to contact the FCA should he wish to do so.

My final decision

I uphold this complaint and require HSBC UK Bank PLC to pay D compensation of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 14 June 2023.

Ben Jennings
Ombudsman