

The complaint

Mr B complains about the way HSBC UK Bank Plc dealt with his credit card account when he was having difficulty making payments.

What happened

Mr B has a credit card account with HSBC. Because of the Covid-19 pandemic, his business was struggling and he in turn found that he was unable to make payments to the account.

Mr B initially contacted HSBC in March 2020, when it agreed to place the account on hold for 60 days. Shortly after that, the regulator issued guidance on the impact of the pandemic, as a result of which HSBC agreed to a three month payment holiday.

The bank's notes indicate that Mr B contacted it again in June 2020. Having taken information about Mr B's income and expenditure, HSBC agreed a long term no affordability (or LTNA) plan for six months, during which interest and charges would be suspended.

Mr B contacted HSBC again in November 2020, and a further six month LTNA was agreed. This was extended for a further six months in May 2021. As well as agreeing that extension, HSBC also issued a default notice.

The plan was extended once again in November 2021, but shortly after that HSBC issued a final demand, requiring payment of all sums due under the credit card agreement.

Mr B does not think it was fair that HSBC defaulted the account and then issued a final demand, having agreed to the LTNA plans. He referred the matter to this service, but our investigators thought HSBC had acted fairly. Mr B did not agree and asked that an ombudsman review the case.

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.

Mr B says that he did not receive the default notice in May 2021. I note however that the copy which the bank has provided was correctly addressed. In addition, Mr B referred to it when discussing the LTNA plan at the end of May 2021. So I think he did receive it, even though he may not have recalled that some months later.

The default notice explained that over £2,000 was overdue on the account and said that, if the account was not brought up to date, action might be taken. That action could include a demand for payment, closure of the account, and the registration of information with credit reference agencies. The bank has provided a recording of its call with Mr B in May 2021, and I am satisfied that the possibility of a default notice being issued was discussed with him at that time. In issuing the default notice, HSBC was not doing anything contrary to what it said it would do.

Since HSBC had issued a default notice in May 2021, indicating what Mr B should do to avoid further action, and since he had not taken that action, I do not believe it was unreasonable of the bank to issue a demand for payment in November 2021. Again, it was consistent with what it had told Mr B it would do.

I am satisfied too that HSBC acted reasonably in recording its actions on Mr B's credit file. There was no error in that information.

I accept of course that Mr B found himself in a difficult position through no fault of his own. HSBC was under a duty in any event to address any financial difficulties positively, even before specific Covid-19 guidance was issued. I am satisfied however that it did so here.

My final decision

For these reasons, my final decision is that I do not require HSBC UK Bank Plc to take any further steps to resolve Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 November 2022.

Mike Ingram
Ombudsman