

## **The complaint**

Mr B is unhappy that HSBC UK Bank Plc told him that he had an active credit account when in fact that wasn't the case.

## **What happened**

Mr B contacted HSBC and asked them whether the credit account which was showing in his list of accounts online with a credit limit of £10,000 was still active. HSBC told Mr B that it was and that they would arrange for a replacement credit card to be sent out to him shortly. Mr B then instructed work to be undertaken on his car which cost approximately £5,750 and which he intended to pay using his HSBC credit account. However, Mr B didn't receive the new credit card he'd been promised. Mr B wasn't happy about this, so he raised a complaint.

HSBC looked at Mr B's complaint. They apologised to Mr B for not sending the replacement card and confirmed they would do so shortly. HSBC also offered Mr B a payment of £150 compensation for the trouble and upset he'd incurred, which Mr B accepted.

However, HSBC then sent Mr B a follow up complaint response which advised that his credit account had actually been closed some time ago and that as such no replacement card would be issued. Mr B wasn't happy with HSBC's further response to his complaint, especially as he'd instructed the work to be done on his car in expectation of being able to pay for it on the HSBC credit account, and so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC should be asked to reopen the credit account as Mr B was wanting, and they felt that the £150 compensation that HSBC had paid already represented a fair and reasonable resolution to the poor service that Mr B had received from them. So, they didn't uphold the complaint.

Mr B remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

## **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.

I issued a provisional decision on this complaint on 25 October 2022 as follows:

*HSBC have confirmed that they issued a default notice on the credit account in question in March 2019 due to outstanding arrears on the account and which was communicated to Mr B via a notice sent to his online banking folder. HSBC note that Mr B doesn't appear to have ever read that notice, even though HSBC sent two chaser letters to Mr B's address which advised him that he had an important unread document in his online banking folder.*

*The default notice that HSBC sent Mr B was dated 29 March 2019 and included that if Mr B didn't clear the arrears outstanding on his account before 19 April 2019 that*

*HSBC may issue a formal demand to pay the full outstanding balance on his account and that his account would be closed for future use at that time.*

*Mr B made a payment of £900 towards his account on 16 April 2019, which was enough to clear the arrears on his account and bring the account balance back within the agreed credit limit before the 19 April deadline. As such, HSBC didn't have cause to issue a formal demand notice to Mr B and his account wasn't closed for future use. Indeed, HSBC's notes confirm that Mr B's account wasn't closed until 1 February 2020, by which time Mr B had made payments sufficient to clear the full balance outstanding on the account and leave the account in the position of being £1.34 in credit in his favour.*

*But even though HSBC note the account as having closed in February 2020, HSBC continued to send monthly account statements to Mr B until at least June 2022 which indicated that the account remained open, with a balance of £1.34 in Mr B's favour, and with the credit limit of £10,000 remaining available to Mr B. Notably, these account statements don't appear to make any indication that the account is closed for future use. Indeed, if the account was closed, it's difficult to understand why HSBC wouldn't have reimbursed the £1.34 credit in the account to Mr B, either by cheque or via some other method, and given formal notice to him that his account was closed.*

*Furthermore, when Mr B contacted HSBC on 19 October 2021, he explained to HSBC's agent that he'd lost his credit card and that he hadn't used the account for over a year, and he asked for a replacement card. And HSBC's agent, after placing Mr B on hold for a period of time, returned and confirmed to Mr B that they would be able to issue a replacement card to him and that he'd receive that card within five working days. Mr B then reiterated to HSBC's agent that he hadn't used the account in at least a year and asked for confirmation that the account wasn't blocked, to which HSBC's agent specifically confirmed that there was no block on his account.*

*I therefore find it easy to understand why Mr B would have believed that his HSBC account was still open and active and included available credit of up to £10,000 that he could use. And this was because Mr B had made the arrears payments necessary to avoid a formal notice being issued on his account, because he was receiving regular monthly statements which indicated as such, and also because HSBC had told him verbally that his account was still open for use and wasn't blocked when he'd called them to ask about it.*

*HSBC maintain that the account was closed in February 2020, and it's notable that there hasn't been any activity on the account since that time. And HSBC also maintain that because the account has been closed for over six months, they are unwilling to reopen the account and that Mr B would now need to apply for a new credit account.*

*It isn't within the remit of this service to instruct a credit provider such as HSBC to provide credit to a customer that they aren't willing to offer, and so I won't be instructing HSBC to reopen the credit account as Mr B would like. However, it is within my remit to instruct HSBC to pay compensation to Mr B for the trouble and upset that he's incurred here.*

*HSBC have already made a payment of compensation to Mr B of £150. But this was offered by HSBC in their initial response to Mr B's complaint, which was issued on the incorrect basis that Mr B's replacement credit card hadn't been issued to him on time and before HSBC had communicated to Mr B that his account was in fact closed and wouldn't be reopened. As such, I don't feel that the payment of that £150 for the*

*late replacement of his credit card should also be considered as being compensation for the further issues that Mr B has encountered here surrounding his account being closed, and even if it were considered as such, I don't feel that it would be a fair or sufficient amount.*

*Mr B has explained that he contacted HSBC about the card because he was looking to find a way to pay for repairs that were due on his car which cost roughly £5,750, and that he only instructed the repairs to be undertaken after being told by HSBC that his account was open and unblocked and that a replacement card would be with him within the next five days.*

*Mr B has provided an invoice for the work on his car. It's notable this invoice was created on 27 September 2021 – which was approximately three weeks before Mr B called HSBC and was told by them that his credit account remained open for him to use. It's also notable that the invoice appears to demonstrate that the work on the car was undertaken in stages, with an initial investigation, followed by a further investigation, followed by the completion of the works. And so it does seem likely to me that Mr B's car may have been investigated and then further investigated by the repair garage, who then explained to Mr B the likely cost of fully repairing the car, which led Mr B to call HSBC, when he was told his credit account was still available for him to use – which would allow him to pay for the repairs.*

*Consequently, I can also appreciate how, having been told as such by HSBC, how Mr B may then have instructed the full repairs on his card before receiving the replacement credit card that he'd been assured would soon arrive.*

*Finally, I note that Mr B was only able to pay the bill for the car repairs in March 2022 – five months after his call with HSBC in October 2021 when he was told that his credit account remained available for use. And Mr B has explained that he found being unable to pay the bill for the work that he had instructed the repair garage to undertake to have been very distressing and that it had a significant effect on him throughout the time that it remained outstanding.*

*Taking all the above into consideration, I feel that HSBC should bear a considerable degree of accountability for what happened here, including for Mr B being put in the unfortunate position of being unable to pay a large bill that I feel he'd unfairly been led to believe he would be able to pay by HSBC's miscommunication – in both written and verbal forms – to him.*

*As such, my provisional decision here is that I'll uphold this complaint in Mr B's favour and instructing HSBC to pay further compensation to him of £900 – which, in consideration of all the circumstances of this complaint as described above, I feel provides a fair level of compensation for the significant upset and trouble that Mr B incurred here.*

Both Mr B and HSBC responded to my provisional decision and confirmed they accepted it. As such, I see no reason not to issue a final decision upholding this complaint in Mr B's favour on the basis as outlined above. And I can confirm that my final decision is that I do uphold this decision in Mr B's favour on that basis accordingly.

### **Putting things right**

HSBC must make a further payment of £900 to Mr B.

**My final decision**

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 November 2022.

Paul Cooper  
**Ombudsman**