

The complaint

Mr A complains that HSBC UK Bank Plc trading as Firstdirect (firstdirect) misinformed him about the early repayment of his personal loan.

What happened

In January 2019, Mr A took out a personal loan of £12,700 payable over 54 months with repayments of £253.35 per month. In February 2022 he messaged firstdirect and then called them – as he wanted to pay it off early and wanted a settlement figure. Firstdirect said the settlement figure was £4,240.48. But when the loan was paid off - the amount of £4,493.83 was debited to his current account.

Mr A complained. He was changing his car and said that firstdirect told him verbally and in writing that the amount needed was £4,240.48 and they should honour that amount. He was now short of the money he needed to buy the new car and was concerned about going overdrawn as a result.

Firstdirect apologised that he had been given the wrong amount and it should've been £4,560.30. This was a human error and offered compensation of £50.

Mr A declined to accept firstdirect's offer and brought his complaint to us. Our investigator said firstdirect acted reasonably in dealing with Mr A's complaint. The settlement figure that was paid by Mr A was the correct one and it was human error on the part of firstdirect to advise him of a different figure.

Mr A asked that an ombudsman look at his complaint.

I issued a provisional decision which said:

The crux of Mr A's complaint is that firstdirect advised him of the settlement figure of £4,240.48 – both on the phone and in messaging/chatbot. Firstdirect admit they told Mr A the wrong figure.

And so, Mr A's complaint comes down to whether firstdirect should be bound by what they said on the phone and in the chat – and I think they should be. I say this because they gave Mr A the wrong figure twice. Firstly, in the chat, they told him the figure was £4,240.30 – which I've seen. And I listened to the call on 28 February 2022 – Mr A called firstdirect to check the figure before he went ahead. And the call handler told him the same figure – I accept she was reading from the chat, but she should've re-checked the figure before advising it to Mr A again.

I'm also aware that where there is a fixed sum agreement personal loan – customers are reliant on a firm to work out such a figure correctly and in line with the relevant regulations – it's difficult for a customer to work it out themselves.

Firstdirect's final response said the settlement figure was £4,560.30 – which is a different amount. I can't see how this was quoted by firstdirect, but it makes no difference to my provisional decision.

And so – in the circumstances of this complaint, I think firstdirect should pay compensation to Mr A of £260 - being the difference in the amounts quoted. This assumes that firstdirect's offer of £50 hasn't yet been paid – which I ask firstdirect to confirm when responding to this provisional decision.

Responses to the provisional decision:

Mr A agreed with it. But firstdirect didn't. They said that while they accepted they made a mistake in advising Mr A of the wrong figure to settle his loan, the main point was that he was contractually obliged to repay the loan in accordance with the loan agreement. And this amount had to be repaid even though they'd told him the wrong amount on the phone and in the chat. He would have had to pay the amount due to settle the loan, regardless of their mistake.

Firstdirect also showed us Mr A's current account statements which showed he didn't go overdrawn at the time – so he didn't have to pay interest or charges as a result. So there wasn't an impact in that respect.

I reconsidered Mr A's complaint in the light of these comments and issued a second provisional decision which said:

I have reconsidered Mr A's complaint and agree with what firstdirect have said. Mr A would have had to settle the amount due on the loan (£4,493.83), despite their mistake. And so, I am persuaded by this argument. It is also consistent with the principles of how our service looks at these issues.

Therefore, I am changing my provisional decision to ask firstdirect to pay compensation of £100 (including their first offer of £50) – this compensates Mr A for the mistake made on the phone, but doesn't go as far as reimbursing the difference in the amount paid.

Responses to the second provisional decision:

Firstdirect agreed and confirmed that the first offer of £50 hadn't been paid. Mr A said he was disappointed with the new provisional decision. He reiterated that he'd been told the redemption figure on the phone and in writing by firstdirect and they should honour that. He said he hadn't gone overdrawn but had used extra credit on his credit cards as a result.

I now need to make 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've considered what Mr A had said. But unfortunately, this isn't new information and I had considered his points in issuing the second provisional decision. Mr A hasn't said that he had to pay interest on the credit cards – so I assume this wasn't the case. But even if he had, I don't think that would change my final decision.

Firstdirect made a human error here – which they accept. But that doesn't mean to say that Mr A didn't have to pay the amount due under the personal loan agreement.

Therefore, my final decision is consistent with the second provisional decision.

My final decision

I uphold this complaint. HSBC UK Bank Plc trading as first direct must:

- Pay compensation of £100 to Mr A for distress and inconvenience. This to include firstdirect's initial offer of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 December 2022.

Martin Lord
Ombudsman