

## **The complaint**

Mr W complains about the way that HSBC UK Bank Plc has dealt with him when he voluntarily surrendered the property he had mortgaged with it.

## **What happened**

Mr W had a mortgage with HSBC. He wanted to voluntarily surrender the property as he wasn't able to work because of his health and couldn't afford the mortgage payments.

In December 2020, Mr W said he made two unsuccessful attempts to hand over the keys to the property at one branch of HSBC. He had to spend several hours in the branch, but the staff there didn't know the process to follow. So he was unable to hand over the keys and paperwork to surrender the property.

In early January 2021, Mr W successfully handed over the keys and paperwork at another branch.

In March 2021, Mr W contacted HSBC as he hadn't heard anything about the sale of the property. He was told that it hadn't received the keys or paperwork. It asked Mr W to provide a copy of the paperwork, identification and an email confirming he wished to go ahead with the surrender.

The property was marketed by HSBC. An offer for the property was accepted in June 2021 and completed in July 2021. But after service charge arrears, sales, and legal fees were deducted there was a shortfall balance of over £14,000.

In August 2021, Mr W asked HSBC if it would consider waiving the shortfall. HSBC asked for more information from him, but Mr W declined to provide it.

The investigator thought the complaint should be upheld in part. He said HSBC should refund the costs incurred in relation to the property between 22 December 2020 and 18 March 2021 of £1,423.75, the debit interest over the same period, £72 for the cost of a replacement key fob and £500 for any distress and inconvenience (less any payments already made). He didn't think HSBC should waive the shortfall.

Mr W did not accept what the investigator said. He said that he wanted the full shortfall to be waived.

HSBC said it accepted the investigator's view, with some reservations.

## **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 consider the outcome reached by the investigator is fair and reasonable. I accept that what Mr W has told us seems more likely than not to be an accurate reflection of what happened. He has been clear and consistent about what happened and the evidence supports what he

has told us.

I consider there was an avoidable delay between 22 December 2020 and 18 March 2021 in the voluntary surrender of Mr W's property being processed by HSBC – and that HSBC is responsible for that. So I agree with the investigator that it is fair for HSBC to refund the costs that Mr W incurred in relation to the property during that period.

HSBC paid the service charge arrears before selling the property. We've seen evidence that the service charge was outstanding and the terms and conditions of the mortgage allowed HSBC to pay the arrears and to add them to the mortgage. I consider this was fair.

Once HSBC started its voluntary surrender process – albeit later than it should have – I consider it acted fairly. It had two independent valuations, marketed the property and accepted the best offer it received in a timely way. The sale of the property completed on 6 July 2021. That is a reasonable timescale. And the fees that HSBC applied for estate agents, surveyors and solicitors were in line with what I would expect.

Unfortunately, the sale of the property wasn't sufficient to clear the mortgage balance – including the above fees and charges. So there was a shortfall left for Mr W to pay. I don't consider it was unreasonable for HSBC to seek repayment of that amount from Mr W.

Mr W asked HSBC to waive the shortfall in view of his personal circumstances. It was reasonable for HSBC to ask Mr W for more information about his financial circumstances. Mr W decided not to share that information with HSBC. I don't see how I could fairly say that HSBC should waive the shortfall as things stand.

I understand it is still open for Mr W to engage with HSBC around waiving the shortfall – and it is likely to require information about his finances to agree a repayment proposal if it doesn't agree to write off the shortfall.

While there were mistakes by HSBC when Mr W handed in his keys, once it started the voluntary surrender process it acted fairly and reasonably.

### **Putting things right**

We have evidence of the costs that Mr W incurred between 22 December 2020 and 18 March 2021:

- Interest on his mortgage. I understand around £300 has already been refunded.
- Service, car park and buildings insurance costs of £1,423.75.
- A replacement communal door fob - £72.

HSBC should deduct those costs from the shortfall balance.

Mr W was already experiencing a very difficult and stressful time. He was suffering with an incurable illness and was unable to work. That meant he had to give up his home. HSBC ought to have recognised his vulnerability and offered appropriate support so that he could manage the voluntary surrender of his home. The delay of around three months in starting the voluntary surrender process – and the difficulties Mr W encountered at the branches will have caused him avoidable worry and inconvenience. I consider that £500 is a fair amount to compensate him for that.

### **My final decision**

My final decision is that HSBC UK Bank Plc should deduct from the shortfall balance:

- All of the interest it applied to the mortgage from 22 December 2020 until 18 March 2021 – less any refund already made.
- £1,423.75 for service, car park and buildings insurance costs.
- £72 - a replacement communal door fob.

It should also pay Mr W £500 directly for any distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 January 2023.

Ken Rose  
**Ombudsman**