

## **The complaint**

Miss K complains that HSBC UK Bank Plc took an unaffordable payment from her current account towards her credit card.

Miss K is unhappy with the way that HSBC has treated her saying she's suffered extreme mental distress as a result.

## **What happened**

Miss K has a current account and credit card account with HSBC. After she experienced financial difficulties, Miss K asked HSBC to write off her outstanding overdraft and refund a payment that she'd made towards her credit card. Miss K was unhappy that HSBC continued to write to her despite explaining her situation.

HSBC initially agreed that it would carry out a charitable write off of Miss K's overdraft but then suspended the process pending further information from Miss K. HSBC didn't agree to refund Miss K's credit card payment as it had been made correctly.

The investigator agreed that it was reasonable for HSBC to require further information before deciding whether to proceed with the charitable write off. She noted that although HSBC continued to contact Miss K, this was in response to the emails that she wrote to HSBC.

The investigator didn't think HSBC needed to refund the credit card payment as Miss K made this voluntarily.

The investigator recommended that HSBC pay Miss K £150 in recognition of the distress and upset she felt after HSBC reversed its decision to write off her overdraft balance until she provided further information about her finances.

Miss K is very unhappy with the investigation outcome. Miss K doesn't think that £150 reflects the impact HSBC's decision to withdraw the charitable write off has had on her. Miss K wants HSBC to honour its decision to write off her overdraft and pay compensation. Miss K says HSBC has continually put up obstacles to resolving her concerns.

During Miss K's complaint to this service, she raised a new issue about a £100 payment that her partner had sent to her HSBC account by mistake. Miss K wanted HSBC to return the payment but it refused.

The investigator didn't recommend that HSBC do anything about this aspect of Miss K's complaint. The investigator explained that although HSBC had re-opened Miss K's account so that repayments could be made towards the balance, she wasn't able to use the account to make payments. The investigator suggested that Miss K contact the person who sent the payment to ask for it be recalled. Miss K was unhappy with the investigator's response saying that her partner had followed the correct procedure and contacted HSBC.

## **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 realise that I've summarised Miss K's complaint in less detail than the parties and I've done so using my own words. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me.

I would first like to say that I'm very sorry to hear about the difficulties Miss K is going through. I can appreciate this has all taken a considerable toll on Miss K's mental health. My role is to look at how HSBC responded to Miss K's financial situation and decide whether it responded reasonably.

As I understand it, HSBC's offer of a charitable write off would mean that there wouldn't be the same impact on Miss K's credit file as there would be if HSBC defaulted her outstanding debt. However, for HSBC to properly consider whether a charitable write off is suitable, it has asked for evidence of any medical conditions which may impact Miss K's ability to manage her money together with a clear picture of her finances and statements for the last three months for all Miss K's current accounts – including those held with other banks.

I can understand Miss K's disappointment when HSBC reversed its decision to carry out the charitable write off of the balance of her overdraft. However, I don't think this means that HSBC must now honour the original offer without Miss K first providing the further information it requested.

When Miss K opened her account with HSBC in June 2022, she stated she was in employment with an annual income of £60,000. But apart from this, HSBC has little information about Miss K's finances. The income and expenditure form she completed only has three entries on it. Even if Miss K's partner is helping her financially, I would've expected to see some more detail about Miss K's expenditure. Although Miss K says she's closed all her bank accounts, I don't think it's unreasonable for HSBC to ask to see either historic statements or closing balance statements.

Miss K has provided some information from her doctor but it doesn't include a recent comprehensive explanation of how Miss K's health is impacting her finances. The doctor's letter of July 2022, details some of Miss K's mental health illnesses but doesn't for example say that because of this, Miss K is unable to work. The only evidence that Miss K provided to HSBC of being unable to work dates to 2021 when her doctor completed a seven day sick note. I can see HSBC offered to cover the costs of Miss K's doctor providing the information. I think this was a fair and reasonable offer to make.

I agree with the investigator that it's unfortunate HSBC didn't realise it needed the additional information before agreeing to the charitable write off. I don't doubt that the reversal had a negative impact on Miss K's mental health but I'm satisfied that an award of £150 in recognition of this negative impact is reasonable. Particularly when HSBC also offered other solutions to help Miss K which included writing off her debt by issuing a default notice or reinstating her overdraft facility on the basis that interest was suspended for 12 months.

Like the investigator, I don't consider it reasonable to require HSBC to refund the payment Miss K made towards her credit card. She made this freely and in the knowledge that she could've just made the minimum payment of under £20.

Overall, it's difficult for me to find that HSBC hasn't made reasonable attempts to try and help Miss K. This means I don't consider it fair to require HSBC to pay more compensation than the £150 I've directed it to pay. If Miss K can provide the information HSBC has requested to support her request for a charitable write off, I would expect HSBC to treat her request reasonably.

On the point that Miss K made about the £100 credit, as HSBC has explained, although it re-opened her account, Miss K can't use it other than to reduce the balance on her overdraft. This also means Miss K doesn't have online access to the account. As Miss K can't pay the £100 credit out from her account, it would be for her partner to pursue repayment of the money probably through their own bank. And if her partner wasn't satisfied with the outcome, they could bring a complaint in their own name. I'm sorry if this is disappointing for Miss K.

In a recent email, Miss K said that HSBC should credit her account and provide her with a balance. It appears that Miss K wants HSBC to credit the compensation payment to her HSBC account so that it reduces the outstanding balance. But if Miss K accepts my decision and wants HSBC to pay the compensation to a different bank account, she should make that clear when responding to my decision.

Miss K says she asked HSBC for a balance but it said she should speak to this service. I don't see why HSBC can't provide Miss K with details of the remaining balance on her account once she responds to my decision. But if Miss K has any difficulty getting a balance from HSBC, she would need to raise this as a separate complaint as it didn't form part of her original complaint to this service. I hope Miss K understands.

### **Putting things right**

To put things right, HSBC should pay Miss K £150.

### **My final decision**

My final decision is that I uphold this complaint. In full and final settlement, I require HSBC Bank UK Plc to pay Miss K £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 4 April 2023.

Gemma Bowen  
**Ombudsman**