

## **The complaint**

Mr A complains that HSBC UK Bank Plc notified him to say they would be applying interest and charges to his accounts despite there being an agreement in place that this would be suspended.

## **What happened**

Mr A has a personal loan, credit card and overdraft with HSBC UK Bank Plc ("HSBC").

In August 2022, HSBC agreed that interest and charges wouldn't be applied on these accounts until July 2023 and that the accounts would be managed by their Financial Support Team.

HSBC wrote to Mr A on 4 January 2023 saying his accounts would no longer be managed by their Financial Support Team and that interest and charges would reapply no earlier than in 30 days' time.

Mr A complained to HSBC explaining that they'd broken the terms of the agreement. HSBC didn't uphold the complaint. They said their Financial Support Team hadn't seen any evidence of financial difficulties in relation to Mr A's overdraft as the account had been kept up to date since November 2022. HSBC also said they acted in accordance with their terms and conditions.

Mr A referred the matter to us. Our investigator looked into what had happened and upheld the complaint. He said HSBC should have spoken to Mr A in January 2023 to reassess his financial situation rather than just send a letter about the changes they intended to make, bearing in mind that Mr A was in an agreement until July 2023. Our investigator said HSBC should pay Mr A £200 compensation for the shock and distress caused to him.

HSBC didn't reply to our investigator's view. Mr A said that, while he welcomed the amount of compensation proposed, he felt HSBC should reinstate the agreement to keep his accounts with their Financial Support Team and to suspend interest and charges on his accounts until July 2023.

Mr A subsequently mentioned to us that HSBC had since notified him they would be reducing the limits on his credit card and overdraft.

The matter has been referred to me for a 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.

There's no dispute an agreement was in place between HSBC and Mr A from August 2022 to July 2023, as described above. The issue here is whether it was fair for HSBC to alter this

in January 2023.

HSBC says they changed their policies and procedures in December 2022 whereby they would remove customer accounts from their Financial Support Team if those accounts were showing as up to date for two consecutive months.

Ultimately, it's for HSBC to decide its own policies and procedures and when to introduce them and, as our investigator, said, we wouldn't seek to influence this. However, I wouldn't expect the introduction of those policies and procedures to lead to Mr A being treated unfairly.

As far as I can see, Mr A's accounts were up to date for two consecutive months in line with HSBC's revision of their terms and conditions. So, in theory at least, HSBC didn't apply these inappropriately.

However, this meant the agreement in place until July 2023 had changed. I can understand why Mr A feels so strongly about this. I do though think that it wasn't necessarily unfair for HSBC to consider whether Mr A was still in financial difficulty bearing in mind he was making payments towards his loan and credit card on time. I find however that HSBC should have done more than just send a letter effectively assuming that to be the case bearing in mind that Mr A had clearly experienced prior financial difficulties and was in an agreed arrangement with an agreed end date. HSBC should have contacted Mr A to discuss whether he was still in financial difficulty. So, I can understand why it was a shock for Mr A to receive HSBC's letter in January 2023.

It's not possible for me to know what would have happened had HSBC contacted Mr A to discuss the matter further. Mr A may have insisted that they kept to the prior arrangement. It might be though that HSBC could have reasonably felt Mr A was able to exit that arrangement because his circumstances had improved. It's also possible of course HSBC would have agreed a further plan based on Mr A's circumstances at the time. The fact that I can't be certain what would have happened is mainly down to HSBC deciding to change the arrangement without a discussion and that is something that could have prevented this complaint from escalating as it has done.

So, I think it fair that HSBC pay Mr A compensation for the way they handled their management of his accounts. I find that £200 is a fair figure for the distress and inconvenience Mr A has been caused. I also find that HSBC should engage with Mr A to ascertain his current financial circumstances and act upon confirmation of that appropriately.

Mr A has made us aware that HSBC has reduced the credit limits on his credit card and overdraft. I understand why Mr A feels these are linked to HSBC altering the arrangement and that this should be included in this complaint. However, I can't be certain that these decisions are as linked as Mr A says and so I find these should be looked at separately by our service. If Mr A wishes to set up separate complaints for this, he can ask our investigator to help him do so.

### **Putting things right**

HSBC should pay Mr A compensation for the way they communicated with him when they chose to alter the arrangement that had been put in place. HSBC should also engage with Mr A to ascertain his current financial circumstances and act upon confirmation of that appropriately.

## **My final decision**

I uphold this complaint and direct HSBC UK Bank Plc to:

- engage with Mr A to ascertain his current financial circumstances and act upon confirmation of that appropriately; and
- pay Mr A £200 for the distress and inconvenience he was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 October 2023.

Daniel Picken  
**Ombudsman**