

## **The complaint**

Miss A complains HSBC UK Bank plc (HSBC) defaulted her credit card account without any prior notice.

## **What happened**

Miss A says she had entered into a payment break plan with HSBC. Miss A says she never heard anything further from HSBC and noticed her credit card account wasn't showing on her app. Miss A says when she contacted HSBC it informed her that her credit card account had been closed and placed with debt recovery agents and she'd been informed of this in writing. Miss A says she never received any correspondence from HSBC regarding her credit card account and if she had she would have contacted them. Miss A feels these letters HSBC refer to, may have been returned to them by the post office and HSBC had told her that it had received returned mail.

Miss A says this matter has been very stressful for her and it is unfair how HSBC have treated her. Miss A wants HSBC to remove any adverse entries on her credit file and return the use of her credit card.

HSBC says its financial support team agreed a long term no affordability plan following the expiry of a four-month payment break on her credit card account. HSBC says at that time Miss A was informed as part of that plan she would be issued with a default notice and final demand, and this was followed up in writing to her in May 2022 and June 2022. HSBC says in the final demand letter it was explained to Miss A her debt would be placed with debt recovery agents.

HSBC says it has correctly issued the default notices and registered these with the appropriate credit reference agencies and are unable to remove these.

Miss A wasn't happy with HSBC's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says HSBC acted reasonably when it started the default process when it did. The investigator felt HSBC had treated Miss A fairly when she experienced financial difficulties. The investigator says HSBC informed Miss A of the process of issuing a default in a telephone call in April 2022. Additionally, the investigator felt HSBC had sent the default and demand letters to the correct address and felt in all likelihood these had been delivered as intended, bearing in mind Miss A had received another letter regarding the payment break in April 2022.

The investigator says HSBC had confirmed it hadn't received any returned post from the post office specifically relating to the defaulting of her credit card account.

Miss A didn't agree with the investigator's view and asked for the matter to be referred 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn of the financial problems Miss A faced and the stress and worry this has caused her. When looking at this complaint I will consider if HSBC acted fairly when it issued the default notice when it did and placed her credit card account with debt collection agents.

Miss A's complaint centres around the fact following a payment break agreed with HSBC, it simply defaulted her credit card account and placed it with debt collection agents without informing her. Miss A has made the point if HSBC did write to her about this she never received any of those letters and she would have contacted HSBC if she had. Miss A is of the view any letters sent by HSBC regarding her default must have been returned by the post office.

Both HSBC and Miss A have provided this service with comprehensive information, phone calls and documents regarding this matter and while this has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything sent to us – I have.

Firstly, it's worth saying HSBC had initially agreed with Miss A back in November 2021, a four-month payment break on her credit card account, including suspension of interest and charges, when she informed them of her financial circumstances, and I am satisfied HSBC showed a good level of support to Miss A at that time. I have listened to the phone call at that time and the terms of the agreement were explained to Miss A and that it would be reported to the relevant credit agencies. This was also followed up with a letter which explained what was agreed and a further letter was issued in late March 2022 explaining that the agreement was coming to an end and Miss A was to contact them.

This is when Miss A contacted HSBC in early April 2022 and during that call it was established Miss A's financial situation meant she wasn't in a position to make any further payments to her credit card account for the foreseeable future. With that in mind during that call the agent explains to Miss A, all it could offer was what was known as a long term no affordability plan. In essence it was explained to Miss A, within six months certain actions would be taken if the debt couldn't be repaid including the issuing of arrears letters and a default notice. I can also see that this call was followed up in writing on the 13 April 2022 which went on to explain to Miss A that a demand would be issued, and it would share the default information with the relevant credit agencies.

Following this, a default notice and covering letter was sent to Miss A on 25 May 2022 and as the arrears weren't cleared a demand was sent to her on 16 June 2022. These letters explained the credit card account would be closed and placed with HSBC's repayment service team and reported to the credit reference agencies and the impact this may have.

While I understand Miss A says she never received these letters and these must have been returned by the post office, there's no firm evidence to support that and I can't hold HSBC responsible if the letters it sent weren't delivered for any reason. Afterall it had explained to Miss A in a phone call these demand letters would be sent to her in any event – so it's fair to say Miss A should have been aware of the consequences of being in the long term no

affordability plan.

It's also worth mentioning HSBC have advised this service that while it had received two items of returned post in November 2022, these were dated April 2020 and March 2021, but had not received any other returned mail.

With that in mind I can't say HSBC haven't tried to support Miss A and it has carried out the processes I would expect and explained to Miss A regarding the situation on her credit card account, once she was unable to show she could meet her minimum monthly payments going forward. It's fair to say Miss A's financial position sadly meant her monthly income couldn't meet her outgoings and priority debts were also outstanding, so I can't see how HSBC could have agreed any form of payment plan without the income to support it. So, with that in mind I am satisfied the long term no affordability plan and the financial consequences that would have, was the only realistic option available here.

I understand HSBC have offered to see if it could take back the debt from the debt collection agents and I will leave this matter with them to discuss with Miss A along with what options are available to her, taking into account her current financial situation.

While Miss A will be disappointed with my decision, I won't be asking anymore of HSBC here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 25 May 2023.

Barry White  
**Ombudsman**