

The complaint

Mr A complains that HSBC UK Bank plc (HSBC) didn't honour an agreed overdraft arrangement and closed his account. Mr A would like HSBC to honour the overdraft offer.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here instead I will focus on giving the reasons for my 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 have reached the following conclusions:-

- The information provided from HSBC isn't clear. In its final response letter, it says it agreed a cost-of-living overdraft facility for £500 in December 2022 but this wasn't set up properly. However, it has told us that the approval was made in error as Mr A didn't meet the criteria for this.
- However, I think what is important is that interest charged was minimal and HSBC has refunded this reducing the outstanding balance on the account. And it froze the account so no further interest or charges were applied. It also amended Mr A's credit file to show an arranged overdraft from December 2022 to July 2023. This seems appropriate to me given Mr A clearly had an expectation he had an agreed overdraft facility. So, whilst I appreciate the inconvenience to Mr A of the confusion over the overdraft I can't see he has been disadvantaged as HSBC refunded back the fees charged and then froze the account so further fees didn't accrue
- Separate to this HSBC closed Mr A's account as no payments to the account were made after January 2023. I think given no payments were made over a period of time it was reasonable for HSBC to close the account and register a default. I have seen multiple letters HSBC sent Mr A from January 2023 advising him of arrears on his account, asking him to contact HSBC if he was in financial difficulty and giving him details of external agencies that could support him. These letters also made clear the implications of not making good the arrears on the account. So, I think Mr A would have been aware of the situation. As I don't feel HSBC has done anything wrong I can't reasonably ask it to reinstate Mr A's account with an arranged overdraft facility if is what he is seeking.
- Neither do I feel I can reasonably ask HSBC to remove any default on Mr A's credit file. It's important that credit files accurately reflect account history and as Mr A didn't make payments for a period of time I think it was reasonable for HSBC to issue to a default notice.
- HSBC has offered Mr A £250 compensation as a gesture of goodwill to acknowledge problems he incurred engaging with HSBC for example calls being disconnected and

not being returned. This feels a fair offer to me in the circumstances .

My final decision

My final decision is that HSBC has made a fair offer.

In full and final settlement HSBC UK plc should pay Mr A £250 compensation to reflect the problems he incurred in resolving the overdraft and account closure issues.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 February 2024.

Bridget Makins
Ombudsman