

The complaint

Mr M is complaining about HSBC UK Bank Plc following a series of events that led to his debt being sold to a debt collection company. He believes this happened because HSBC didn't update his address when he moved and he's concerned the amount has increased significantly from what he owed at that time.

What happened

Mr M had a credit card with HSBC. He moved home in 2019, initially to a temporary address to which he says he had his post forwarded. He then moved to a permanent address later in the year. Before moving, he says he called HSBC to change his address and enquire about repaying the card balance in full. Unfortunately, he says he was unable to pass security but was told HSBC would write to him with details.

By the time the move was complete, Mr M says he still hadn't heard anything. He says his wife then visited a local branch to provide their new address. When he still didn't hear anything about the card, Mr M says he stopped making payments and heard nothing more until he was contacted by the debt collector in May 2023 saying he owed £3,234.80. Mr M thinks this amount is high as he only recalls owing £1,500 at the time he moved in 2019.

Our investigator didn't recommend the complaint should be upheld. He was unable to find any evidence to show HSBC was notified of Mr M's new address and he felt it was entitled to sell the debt to a third party when no payments were received.

Mr M didn't accept the investigator's assessment. In particular, he asked how HSBC was able to write to him at his new address and pass this to the debt collector if he hadn't told it about his move.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

HSBC has provided copies of monthly statements for Mr M's account from February 2019, all of which record his original address. Once he moved to his new permanent address, I understand he wouldn't have seen these. But the statements show he owed £4,030 in February 2019 and made regular monthly payments until the last payment was made in April 2020. At this time, the balance of the account had reduced to £2,852.

After this, the statements show interest continued to be added until November 2020. Because no further payments were made, by this time the balance had increased to £3,234.80 - the same amount the debt collector is now trying to recover. No further interest or fees were added after this date.

HSBC has also provided copies of other correspondence addressed to Mr M from 2020 and 2021, including various payment reminders and letters warning him the account would be defaulted. But it's clear he wouldn't have seen these as they also record his original address.

When it continued to receive no response, HSBC says it passed the account to its Repayment Services department in May 2023 and this is when a trace was completed to find Mr M's new address. This is how HSBC and the debt collector were able to write to him using the correct address.

I'm conscious Mr M thinks HSBC should have written to him when he first contacted it by telephone in 2019. Unfortunately, there's no record of this call so I can't say with any certainty that it should have written to him separately from the normal monthly statements at this time. But when he didn't receive what he was expecting, particularly if he was looking to pay off the card balance, he could have contacted the bank again to chase things up.

Subsequently, I'm conscious Mr M is adamant his wife notified HSBC of their new address when they moved, but I've seen no evidence to support this. I note his point that HSBC was able to write to him at his new address in May 2023, but the bank has confirmed this was found following a trace prior to taking recovery action and I think that's a plausible explanation that's consistent with how I'd expect a lender to behave in this situation. But, crucially, even if the evidence did show HSBC failed to update its systems with Mr M's new address after being given this information, I don't think it would then follow that the bank was at fault for everything that's happened.

Ultimately, Mr M knew he had an account with HSBC to which he owed money, albeit the statements show the balance was higher than he now recalls, and he had a responsibility to service that debt. He'd been used to receiving monthly statements before he moved and, when these stopped arriving, he perhaps could have realised something was wrong and contacted HSBC. If he'd done that, I've no reason to think things couldn't have been resolved. Instead, he stopped making payments and it's unclear why he thought that was a reasonable course of action to take.

I realise the letter from the debt collector came as a shock, but I think this could have been avoided if Mr M had continued engaging with HSBC and making payments after he moved. In circumstances where it had effectively lost contact with him and no payments had been received for a considerable period, I'm satisfied HSBC was entitled to sell the debt to a third party. In terms of the amount the debt collector is seeking to recover, this is the same amount that was outstanding when HSBC stopped adding interest in November 2020 and I'm satisfied it's a fair reflection of how much is owed on the account.

It's for these reasons that I'm not upholding Mr M's complaint. I realise this outcome will be disappointing for him and leaves him/her in a difficult position, but I'm satisfied it's fair and reasonable in the circumstances.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 April 2024.

James Biles
Ombudsman