

The complaint

Mr M complains that HSBC didn't send him written confirmation of a three-month payment break agreed in September 2023. He says because he didn't get the confirmation his local council obtained an attachment of earnings order. Mr M has also complained that HSBC didn't inform him the payment break would affect his credit file. He's said had he known, he wouldn't have proceeded with it.

What happened

On 13 September 2023 Mr M called HSBC for help with his accounts. He told the advisor he had no money or available credit left and couldn't afford to feed his children. After discussing his situation, it became clear Mr M was in a deficit each month and couldn't afford essentials or to make repayments on his debts.

In the call Mr M explained to the advisor he had cancelled everything that wasn't essential, and although he was up to date with his mortgage, he was behind with his payments to HSBC and other creditors. He told the advisor he had historic council tax debt and a debt with a solicitor. He explained the council had previously had an attachment of earnings order. He also explained that the solicitors had successfully registered a charge on his property and could force its sale to recover the debt.

In this call HSBC let Mr M know about a longer-term option that might result in the closure of his accounts and ultimately offered him a three-month payment break. The advisor explained that a letter would be sent to Mr M confirming the arrangement. They confirmed that Mr M would not need to make payments for the next three months and that interest and charges would be suspended on the overdraft and credit card. It was confirmed that arrears would build on the accounts and Mr M's credit file would be affected. The advisor also let Mr M know that he should contact them if anything changed.

Unfortunately, Mr M didn't receive a letter confirming the payment break straight away and had to chase this. The letter was eventually sent to him on 6 November 2023. This was followed by a reminder on 4 December 2023 that the payment break was due to end.

Prior to contacting HSBC Mr M had been in touch with the council following the first attachment order in April 2023. In April 2023, he had let them know he was suffering financial hardship as a result of the order but his request for hardship relief was declined in the same month. In July 2023 the council contacted Mr M requesting repayment proposals for the remaining debt given the attachment order had caused hardship. Mr M replied in August 2023 sharing details of his debts but didn't make a proposal for repayment.

On 19 September 2023 the council wrote to Mr M asking him to share the budget plan Citizens Advice had prepared for him. Having received no reply to this the council sought a further attachment of earnings order that was granted on 30 November 2023.

Mr M complained to HSBC in October 2023 that it had failed to send him written confirmation of the payment break and hadn't made him aware the break would affect his credit file. HSBC responded on 25 October 2023 to apologise for not sending the letter and arranged

for this to be sent. It also said that Mr M should have been offered a six month no affordability plan. It asked Mr M to call the Financial Support Team to arrange this if he was still unable to make his normal monthly repayments. HSBC offered £150 compensation to Mr M for the inconvenience he'd suffered.

Mr M complained again in December 2023 because his three-month payment break hadn't been extended. HSBC responded by email on 12 December 2023, clarifying the previous response had set out that Mr M needed to contact the Financial Support Team to arrange that. It also reminded him that the payment break ended on 13 December 2023 so he should contact them as a matter of urgency.

Unhappy with HSBC's response Mr M brought the complaint to this service. Our investigator didn't uphold Mr M's complaint and so it has been passed to me 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.

I understand Mr M has found himself in very difficult financial circumstances that have had an impact on his wellbeing. I'm sorry to hear this and I appreciate that Mr M feels very strongly about his case. I'd like to assure Mr M that I've considered all the information that he and HSBC have provided. However, my focus here is whether HSBC's inaction directly caused the difficulties he has subsequently faced.

Looking at Mr M's financial position, I think it's clear he was in financial difficulty when he called HSBC in September 2019. So, HSBC were right to look to offer some sort of plan to help alleviate the situation. It's disappointing that the written confirmation of the payment break wasn't sent to Mr M until 6 November 2023 after he'd complained. However, the written confirmation of the break was still provided before an attachment of earnings was sought by the council.

In the call on 13 September, the availability of a longer-term plan is mentioned, but ultimately the advisor offers a three-month payment break. The advisor makes it clear in the call that arrears will accrue during this time and Mr M's credit file will be affected. Mr M can be heard clearly accepting the terms. I appreciate Mr M has said he was under a lot of pressure at the time and doesn't recall being made aware of the terms. But, in the call Mr M can be heard getting a pen and paper to take notes and I can't see Mr M made HSBC aware of any difficulties he had retaining information. So, given this, I don't think HSBC failed to explain to Mr M that arrears would accrue, and his credit file would be affected.

Following Mr M's complaint HSBC recognised it should have offered Mr M a six month no affordability plan so it asked Mr M to contact its Financial Support Team to set this up. It made Mr M aware of this on 25 October 2023 in its final response, but I can't see Mr M contacted HSBC to arrange this.

Mr M has said that a three-month plan wouldn't have been enough to prevent the council from obtaining an attachment of earnings order. This is why he didn't submit his Citizens Advice budget planner, the confirmation of the payment break, or a repayment offer to the council. It's unclear exactly when the council shared this information with Mr M, but it would have been before the attachment of earnings order on 30 November 2023.

Having looked at everything, I think Mr M was made aware in the initial call on 13 September 2023 that there were other longer-term options available. Certainly, by 25 October 2023 Mr M was aware that a six-month plan was available to him. That gave him over a month to get

a longer-term plan in place and send a budget planner to the council before it obtained a further attachment of earnings order.

However, I can't see that at any point before the council obtained the attachment of earnings order, Mr M asked HSBC to extend his payment break, or that he contacted them to arrange the offered six-month long term no affordability plan. I agree it would have been better service for HSBC to have offered the six-month plan in the initial call. But Mr M had the opportunity to arrange the necessary plan, ahead of the attachment order being granted. So, I don't agree it would be fair to hold HSBC responsible for the subsequent difficulties Mr M faced.

In addition to this looking at the budget planner put together by Citizens Advice, even without having to make monthly payments to his HSBC debts, Mr M still had a deficit each month. Mr M told HSBC that his earnings wouldn't be increasing, so it's unclear how the situation would have changed even with a six-month plan in place. Given this, I can't be certain that had he submitted his budget planner and been in a six-month plan, that this wouldn't have just delayed an attachment of earnings order rather than wholly preventing it.

I recognise HSBC could have offered the six-month plan and confirmation of the payment break earlier. It's clear Mr M was caused some inconvenience here by having to chase the confirmation letter and I think the offer of £150 compensation fairly reflects this.

I understand this will be disappointing for Mr M, but I don't think HSBC's delay in sending the written confirmation of the payment break or the delay in offering a six-month plan, directly caused the council to apply for an attachment of earnings order. I say this because both the written confirmation and offer of a longer-term plan were made before the council applied for the order. Which means Mr M had the opportunity to get these in place before the council took action. So, it follows I don't think it would be fair to hold HSBC responsible for the subsequent consequences of the attachment of earnings order and I won't be asking it to do anything further on this occasion.

My final decision

My final decision is that HSBC's offer of £150 compensation is fair in the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 October 2024.

Charlotte Roberts
Ombudsman