

The complaint

Mr I complains that HSBC UK Bank Plc (HSBC) cancelled his credit card.

What happened

Mr I had a credit card from HSBC. In November 2023, the limit was £5,000 and the balance was £1,149.70. Mr I was making regular monthly payments of around £100 – the contractual minimum was (at that time) about £30 per month.

In March or April 2024, Mr I wanted to book flights to his home country for his family – for a holiday and to see his relatives. The cost of the flights was £6,000. He then noticed his card had expired and a new one hadn't been sent.

He called HSBC and was told his renewal card hadn't been sent as HSBC had made a decision not to send a new card.

Mr I complained. He said he was making the necessary payments to the credit card account and couldn't understand why HSBC would stop the card. He hadn't received any contact from HSBC. As a result, he wasn't able to take his family for the holiday they wanted, and also his children weren't able to visit their grandparents as part of the planned trip.

Mr I said HSBC should pay compensation of £5,000; and reinstate the card.

HSBC said Mr I's card had been withdrawn due to 'inactivity'. The terms and conditions of the card do not say the bank had to advise Mr I of the card's withdrawal. But the bank offered compensation of £75 for the inconvenience caused.

Mr I didn't accept HSBC's offer and brought his complaint to us. Our investigator said HSBC could suspend the card if they wished and didn't have to advise Mr I about that – as per the terms and conditions of the card. She agreed that compensation of £75 was right and recommended HSBC pay that amount.

Mr I didn't agree. He questioned how his account could be considered inactive – as he was paying in each month; and he said again that he received no contact from HSBC to tell him what was to happen. He asked that an ombudsman look at his complaint and so it has come to me to do that.

What I've provisionally 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 can see that Mr I was making regular payments of £100 per month into the account – and the minimum contractual payment needed was around £30 per month. I looked at his statements from June 2022 onwards and it appears he paid in £100 each month from then on. There weren't any transactions or payments from that time on – he was making regular

payments in to reduce the balance.

HSBC's notes show that they took a decision in November 2023 not to renew Mr I's card – so he wasn't sent a renewal card.

I looked at HSBC's terms and conditions, and they do say the bank can stop a credit card account if they wish. And they don't say the bank must advise a customer if they are going to do so, or to give notice that the card is to be cancelled.

But equally, elsewhere in the terms, HSBC says the bank will give two months' notice in writing if the agreement is to be ended. At 10.2 these say: *"If we're ending the agreement, we'll write to tell you two months before we end it."* And at 10.3 the terms say: *"We'll give you notice before we do anything so you have the chance to fix the problem..."*. As I see it, when HSBC didn't renew the card, they effectively ended the agreement – and didn't give Mr I advance warning of this as they should've done.

But the terms and conditions aren't everything that I considered in the circumstances of this complaint. Setting the terms and conditions aside, I think it's reasonable to have expected HSBC to have advised Mr I what the bank was going to do in advance of the withdrawal of the card - so he could consider what to do, contact HSBC or apply for a card from another bank.

But - HSBC admit no communications were sent, nor was there any contact made with Mr I.

I can also see that Mr I's statements continued to show that he had a limit of £5,000 (and in April 2024, he paid off £731.77 – the balance was then £11.64). The limit wasn't cancelled or reduced. So he was entitled to think he still had a credit limit of £5,000, with almost that amount available to spend.

I can't say that HSBC shouldn't have cancelled the card – that is the firm's commercial decision. Nor can I make HSBC reissue the card – for the same reasons. But given that HSBC should've properly communicated with Mr I (and didn't), I need to consider what a reasonable amount of compensation is for the impact this had on Mr I.

Taking everything into account and considering also the obligations HSBC have under the Consumer Duty (with effect from July 2023), I am upholding Mr I's complaint.

And I think HSBC should pay more compensation here. Mr I wanted to book flights for his family and couldn't – with the result that his family trip to see grandparents in his home country couldn't take place. I can appreciate how upsetting this must have been for Mr I and his family.

The criteria for how we decide on awards for compensation are set out at:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

In line with this, I think compensation of £300 is appropriate for what happened. If Mr I can bring forward any firm evidence about the impact of what happened, then I may review this.

Responses to the provisional decision:

HSBC agreed and Mr I made no comments: he didn't bring forward any evidence of the impact of what happened.

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.

As HSBC agreed and Mr I made no comments, my final decision is the same as the provisional decision. So, HSBC must do what that proposed.

My final decision

I uphold this complaint. HSBC UK Bank Plc must:

- Pay compensation for distress and inconvenience of £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 October 2024.

Martin Lord
Ombudsman