

The complaint

A limited company, which I'll refer to as V, complains that HSBC UK Bank Plc is wrongly holding it liable for a bounce back loan ("BBL") applied for by a different limited company and has not carried out any due diligence or made any attempt to resolve the situation.

V is represented by its sole director, Mr T. Mr T was also the sole director of the other limited company, which I'll call L.

What happened

In June 2020, Mr T applied for a £25,000 BBL in the name of L. L did not have a bank account and Mr T included the bank account details for V on the application and used V's email address.

HSBC provided a BBL agreement in the name of V. Mr T signed this agreement and the proceeds of the loan were paid into V's current account.

In March 2021, Mr T says HSBC contacted him asking for evidence that V had started trading before 1 March 2020, which was one of the conditions of the BBL scheme. Mr T explained that V did not meet this condition, but L did.

In July 2021, Mr T applied for a term extension and repayment holiday for the BBL. The variation of terms documentation was in the name of V.

Later in 2021, HSBC wrote to Mr T regarding the same issue of evidence of the date trading started. Mr T complained, but HSBC did not uphold his complaint and said the BBL would remain in V's name.

In 2023, a family member of Mr T sadly passed away in a road traffic collision. Following this traumatic incident, Mr T said he has felt unable to drive and therefore cannot trade. Mr T said he has made some BBL repayments from his personal resources since this date.

In 2024, Mr T complained again about the BBL being in V's name. HSBC again declined his complaint but gave V new referral rights to our service, which V took up. Mr T said that HSBC had threatened to hold him personally liable and had caused considerable distress.

One of our investigators looked into what had happened, but concluded that it wasn't unfair for HSBC to pursue V for repayment of the BBL.

Mr T disagreed and asked for an ombudsman's 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'm sorry to disappoint Mr T, but I've reached the same conclusion as our investigator, for essentially the same reasons. In the specific circumstances here, I don't think it is unfair for HSBC to hold V liable for the BBL. I will explain why I've reached this conclusion below.

First, I think it is clear that HSBC has made an error with the BBL application in 2020. The application for the loan was undeniably in the name of L and I consider that HSBC should either have sent back an agreement in the name of L, or queried the discrepancy regarding the bank account details provided. However, I don't think that error alone makes it fair that HSBC should write off the loan or be unable to hold V liable. There are other considerations that I think should bear weight.

I know that Mr T felt that the tone of HSBC's correspondence regarding the eligibility of the BBL application was accusatory. I can see that HSBC set tight deadlines, but I don't consider their written correspondence to be inappropriate in tone, although it does appear that Mr T had to explain the situation more than once, after which it's not clear what HSBC did with the information.

I am sorry to hear that Mr T has experienced anxiety and other mental health difficulties, which he attributes to the issues around this loan. However, the complaint I am considering here - and the only complaint I have the power to consider - is V's. V is a limited company and as such, cannot be distressed. I am afraid I do not have jurisdiction to consider the distress suffered by company directors, even when they are the sole director and owner of the company concerned.

In any case, I consider the central issue here is whether it is reasonable for HSBC to expect V to repay the BBL. I haven't seen anything that persuades me otherwise. Mr T has provided evidence of how the BBL proceeds were spent and I think it is clear that it is V that benefited from these funds. The BBL also appears in V's accounts, although I note that Mr T says this was only done on the advice of his accountant in recognition of the status quo.

An examination of the Companies House records for L indicates that, although L was incorporated in 2019, it has never traded as it only ever filed dormant accounts before it was dissolved in 2022. I am therefore not persuaded by Mr T's argument that L was eligible for the BBL, in contrast to V, as I haven't seen any evidence that L was carrying on its business on 1 March 2020.

Mr T has said that HSBC hasn't carried out any Know Your Customer or due diligence checks during the life of the loan. I don't think this is quite fair, as they did enquire about the eligibility of V and Mr T answered their questions, so they had that information. Had they chosen to do so, they could have demanded immediate repayment of the BBL at that point, since the borrower was ineligible. Even if they had failed to do any checks at all, I don't think it would mean it was fair to require them to cancel the loan in the circumstances here.

I know Mr T would like me to hold HSBC accountable for their errors. He argues that HSBC should write off the loan, or accept reduced repayments, because of the problems he's experienced. But I don't think that would be fair or proportionate. V had the benefit of the BBL proceeds and I don't think it is unreasonable to expect V to pay them back, even if it wasn't originally the intended applicant. If V is no longer trading and unable to repay, Mr T should provide evidence of that to HSBC and HSBC will follow their procedures in the event of business failures.

I note that Mr T has alleged that HSBC has threatened to pursue him personally for the loan and he is very concerned by this issue of personal liability. He says that he made repayments from his personal resources for some time. On this point, I would say first, that I have seen no evidence that HSBC have said they intend to pursue him personally and no evidence that they would have any basis for doing so. The loan agreement is in the name of a limited company. All correspondence I have seen shows that the bank holds V liable for the loan, in line with the loan agreement Mr T signed. For the reasons I've explained, in these particular circumstances, I don't think this is unfair.

My final decision

For the reasons set out above, I do not require HSBC UK Bank Plc to take any action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 3 June 2025.

Louise Bardell
Ombudsman