

## **The complaint**

Ms C complains about an overdraft she had with HSBC UK Bank Plc. Ms C says her overdraft was defaulted and passed to a debt collection agency without it communicating this to her.

## **What happened**

Ms C had an overdraft with HSBC with a limit of £850. On 22 August 2023, Ms C made a transaction for £150 which took her balance to £839.82 overdrawn. On 29 August 2023, HSBC applied overdraft interest to the account which took the account into an unarranged overdraft position.

Overdraft interest was applied to Ms C's account in September and October 2023, taking Ms C further into an unarranged overdraft position.

Ms C says that she wasn't aware of the position of her account because HSBC had been contacting her at an address she didn't reside at. She says that she hadn't received any communication from HSBC about the matter, and the first time she became aware of the situation was when she visited her parents' house and they had received mail from HSBC.

Ms C paid the outstanding debt in full and complained to HSBC. She complained that it hadn't contacted her by her preferred method, email or phone, which had ultimately resulted in a default on her credit file.

HSBC responded to Ms C's complaint, but it didn't agree it had done anything wrong. It said it had written to Ms C at the address held on its systems for her, it explained it had also sent her emails. HSBC confirmed that now the balance had been repaid it had contacted the Credit Reference Agencies to update the status of the default to satisfied.

An Investigator also considered what both parties had said but they didn't think Ms C's complaint should be upheld. They explained that HSBC had attempted to contact Ms C using various channels, and that it was ultimately up to Ms C to ensure her contact details were up to date. Because of this, the Investigator found that HSBC had taken reasonable steps to contact Ms C about the status of her account.

Ms C didn't agree and asked for an Ombudsman to decide on the matter. Because of this, the complaint has been passed to me.

## **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 considered everything available to me, I'm sorry to disappoint Ms C, but I don't uphold her complaint.

Generally speaking, it is up to the account holder to ensure that their account is up to date and within the agreed overdraft limit. On this occasion, I note that Ms C made a transaction which took her close to the overdraft limit, and interest applied by HSBC subsequently took her over that limit. Given that Ms C was still using the account, I would have expected her to have been aware that HSBC were applying interest on the overdraft balance, and it was up to her to ensure that interest didn't take her over the limit. And if it did, it was up to Ms C to bring the account back within the agreed limit.

Where an account goes into an unarranged overdraft position, I would expect the firm, in this case HSBC, to take steps to try and contact the customer, Ms C, before it takes action to default the account. In this case, I can see that HSBC sent Ms C three letters, four emails and attempted to call her on six occasions. Because of this, I'm satisfied that HSBC made reasonable attempts to contact Ms C.

I note that Ms C no longer resided at the address HSBC used to contact her. I accept that this means that Ms C likely didn't receive postal correspondence from HSBC. That being said, I can see that HSBC made attempts to contact Ms C using email and phone too. Ms C says that she didn't receive all of the emails from HSBC, but the ones she did get she assumed were phishing emails.

While I can understand Ms C's concerns about receiving phishing emails, I can't reasonably hold HSBC accountable for Ms C's concerns or conclude that because of this it didn't do enough to contact her. One of the emails Ms C did receive from HSBC asked her to get in contact, so she could still have contacted HSBC following receipt of this email. It isn't clear why Ms C didn't receive the other emails HSBC sent to her, but I am satisfied that the emails were sent, as I've seen evidence of this from its internal systems.

Ms C adds that HSBC didn't leave a voicemail when it tried to contact her. This might well be true. But I am persuaded that it did make numerous attempts to call her, and I can't fairly conclude that the absence of it leaving a voicemail means that it did something wrong, or didn't make a reasonable attempt to contact her.

Ultimately, I'm persuaded that Ms C was, or at least ought to have been aware that her overdraft account had been in an unarranged overdraft position since August 2023, and she ought to have been aware that she hadn't made any credits to the account until she paid the full balance in February 2024. So, I'm satisfied that even if Ms C didn't receive the letters HSBC sent, she ought to have known her account was in a position of default. I'm also satisfied that HSBC attempted to contact her using different methods. And I'm satisfied that HSBC followed the process I would have expected it to prior to defaulting the account. It follows that I don't think HSBC has done anything wrong in this case, and so I won't be ordering it to take any further action.

### **My final decision**

For the reasons set out above, I don't uphold Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 12 March 2025.

Sophie Wilkinson  
**Ombudsman**