

## The complaint

S complains about the service he received from HSBC UK Bank Plc when he had health issues causing his business to be in difficulty and needed financial support.

## What happened

S had an HSBC bounce back loan of £50,000 and an overdraft facility of £15,000 on his business current account.

In 2023, S was experiencing both physical and mental health issues. His business was still in financial difficulty, partly due to his health issues, and he found it difficult to repay the loan. When S asked HSBC for assistance, which included increasing his overdraft facility to £30,000, HSBC agreed to the following:

- A payment break on his loan
- A payment break and temporary uplift on his overdraft facility, from £15,000 to £25,000, for the period August to December 2023

S was dissatisfied with this and complained to HSBC.

In December 2023, just after Christmas, with the balance on his business current account exceeding the £25,000 limit, S was shocked and distressed to find that HSBC had discontinued the uplift and put his overdraft limit back to £15,000. S says he wasn't given any notice or reminder of this, and HSBC's action put him in the difficult position of not being able to pay his business's bills.

S felt as though HSBC were punishing him for having complained and he requested:

- An offer of *'a pound on each account as full and final closure payment'*
- The £25,000 overdraft limit to be reinstated
- Further discussion about his financial difficulties with HSBC and consideration of proposals such as selling his business and home

Also, he says that HSBC:

- Refused to respond to his requests for meaningful discussions
- Broke a promise to write-off his debts
- Ignored correspondence and didn't call him back as promised
- Would only have discussions over the phone despite knowing that he found this difficult

And he faced difficulties communicating with HSBC:

- As *'everything is decided by phone, which I find difficult and their overseas call centre uses scripts'*
- They refused to provide a language service in his preferred language

In addition, he says HSBC ignored requests from his doctor and MP for assistance and lacked compassion. Furthermore, when they offered a breathing space in January 2024 this was on the £15,000 limit and they wouldn't provide the terms and conditions for this.

S brought his complaint to our service. At this point HSBC said *'I think we could have communicated with more urgency (we were within timescales but due to tone and content of customer emails I think we could have at least acknowledged them). I would therefore like to make a proactive offer £100.00 as gesture of goodwill for this.'*

S rejected this offer, and our investigator considered his complaint. However, he thought HSBC's actions were fair and reasonable.

As S remains dissatisfied his complaint has been referred to me to look at.

I issued a provisional decision on 12 December 2024, and this is what I said:

*I've considered the relevant information about this complaint.*

*Based on what I've seen so far, there will be a different outcome to what our investigator proposed.*

*Before I issue my final decision, I wanted to give everyone a chance to reply.*

*The deadline for both parties to provide any further comments or evidence for me to consider is 3 January 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.*

*If HSBC UK Bank Plc accepts my provisional decision, it should let me know. If S also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.*

### **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.*

*Having done so, my decision is different to the investigator and based on the information received so far, I'm partially upholding this complaint.*

*I should first say:*

- *It has clearly been a very difficult time for S, and I'm very sorry to hear about his health issues and the difficult financial position of his business. However, I must approach this matter objectively.*
- *I've focused on what I think are the important points to reach a final decision. However, I've carefully considered all the points S has made, even if I don't specifically address them all.*
- *The relevant law in this matter is the Equality Act 2010 and whilst I have considered this, it isn't for this service to judge whether HSBC have breached this act because he is Welsh and has a mental and physical health condition, as these are issues for a court to decide.*
- *I'm satisfied HSBC were made aware of S's mental and physical health condition and I consider S to be a vulnerable customer, which means the Financial Conduct Authority's (FCA's) guidance on this subject applies.*

*I looked at how HSBC supported S with his debt and whether they should've written it off.*

*I'm very sorry to hear that, after the effects of the pandemic, S's ill-health had a further impact on his business as he found additional expenditure was needed on resources. Whilst I empathise with this, I don't think that this is grounds to simply write off either the loan he had applied for and used or his overdraft balance. And I consider it reasonable for HSBC to expect him to repay it, in line with the terms of the agreement he signed.*

*I would, however, expect HSBC to have provided appropriate forbearance and support on becoming aware of S's difficulties. File notes show that this is what HSBC did. S was still running his business and, having also listened to HSBC's call recording, I'm satisfied HSBC carefully considered his income, expenditure, circumstances and plans.*

*Also, I can't see any evidence that HSBC made any offer to write this debt off. Instead, HSBC gave him a payment break, didn't apply interest, considered and granted further credit in the form of an uplift to his overdraft. They did give advice on defaulting and not repaying his debt, but this was as a potential last resort option, and they mentioned the negative consequences of doing this and he may want to carefully consider this option in the near future.*

*Although the overdraft uplift was temporary and S was upset, frustrated and disappointed with HSBC as the increase was £5,000 less than the amount he wanted and causing him significant distress, I'm satisfied that HSBC carefully considered his finances and circumstances. And they made it clear that the £10,000 overdraft uplift was for a limited time and that they couldn't support any further lending.*

*I think this is fair and reasonable as HSBC is entitled to make commercial lending decisions. Also, they have a duty as a responsible lender to comply with regulatory guidance and ensure they don't cause detriment to consumers who are unlikely to be able to repay increases to indebtedness. So, I also don't think it was unfair or unreasonable of HSBC to not write off the loan or overdraft, decline the request to increase the overdraft to £30,000 or reinstate the uplift after the expiry date that they clearly communicated to S in writing.*

*In summary, I found that:*

- HSBC's lending decisions were fair and reasonable*
- HSBC clearly communicated to S that the increase to his overdraft limit was short-term and would revert to £15,000 on the 27 December 2023*
- There isn't any evidence that HSBC broke a promise about writing off S's loan or overdraft*
- HSBC were aware of S's vulnerability and signposted him to support services*
- S considered HSBC's response to his requests for help to be inadequate and he struggled to accept a decision that he felt was unhelpful, unfair and causing him additional distress*
- This in turn led S to become more frustrated when his escalations (emails, calls, MP and GP interventions) failed to persuade HSBC to change their mind at any point after their decision.*

*Although I understand S's thinking here, there is (phone call) evidence that HSBC showed some compassion and, for the reasons mentioned above, I also don't think*

*they treated him unfairly or unreasonably in not changing their lending decision or engaging in further discussion on matters they had already considered and determined.*

*However, I do think their service should've been better when it became clear S was unwell, severely distressed and in a difficult and vulnerable position after they removed the overdraft uplift.*

*Although I wouldn't have expected HSBC to change their lending decision and I'm satisfied they clearly explained that they could accommodate a request to speak in another language within three working days and that their position on correspondence was the following:*

*'repeated correspondence received will not drive a change in our complaint outcome or lending agreement. We'll note future correspondence and respond where new issues are raised'*

*There was some immediate, if limited, support they were prepared to give in the form of a breathing space on the current overdraft amount and due to this, and the following reasons, I think they should've given S a more urgent and personalised service:*

- *HSBC say they recognise S as a vulnerable customer*
- *HSBC had received information from S, his GP and MP about his vulnerability with physical and mental health issues*
- *There is evidence that they knew he had mental health issues, had contacted the Samaritans*
- *HSBC had previously been concerned about his safety. And a representative had indicated they would be discuss the default option with him.*
- *S's MP also recognised his vulnerability and sought an in-person meeting. And HSBC had information that S found discussions over the phone difficult.*
- *The FCA say that firms should make sure their staff:*
  - *Have the right skills and capability to recognise and respond to the needs of vulnerable customers*
  - *Respond to customer needs with flexible customer service provision and communications taking practical action with both service and correspondence*
  - *Understand the impact of vulnerability on the needs of consumers*
  - *Ensure frontline staff have the necessary skills and capability to recognise and respond to a range of characteristics of vulnerability*
  - *Offer practical and emotional support to frontline staff dealing with vulnerable consumers*
  - *Should consider how they communicate with vulnerable consumers, taking into consideration their needs. And, where possible, firms should offer multiple channels so vulnerable consumers have a choice.*

*So, I think the service S received at this point should've been better. Also, HSBC have accepted they should've communicated with more urgency. So, I considered whether £100 was sufficient compensation here bearing in mind the above and below:*

- *A communication mistake here had far greater impact on S than it likely would have been for others in the same situation*
- *S could've had access to some breathing space at an earlier time. Also, an*

*explanation that a breathing space doesn't come with terms and conditions.*

*Assessing compensation isn't an exact science and our approach when making awards for non-financial loss is detailed on our website and tends to be modest. An award should recognise the distress and inconvenience caused as well as the impact on health and well-being.*

*I'm persuaded by S's submissions that the impact of the communications mistake here caused S to feel ignored, frustrated and helpless and he was caused distress, upset and worry. Although much of this related to HSBC's lending decision that unfortunately couldn't have been avoided, I think some of it could've been alleviated. And for these reasons, I think the amount of compensation should be increased to £300.*

*I'm sorry to disappoint S, but for the reasons mentioned above, my provisional decision is to partially uphold this complaint and I require HSBC to pay S £300 compensation.*

### **My provisional decision**

*For the reasons I've given above, it's my provisional decision to partially uphold this complaint. I require HSBC UK Bank Plc to:*

- *Pay S £300 compensation*

*I'll look at anything else anyone wants to give me – so long as I get it before 3 January 2025.*

*Unless that information changes my mind, my final decision is likely to be as I've set out above.*

### **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 would like to thank both parties for responding to my provisional decision.

HSBC said they can't agree with everything I've said. However, they didn't provide any information or reasons on what it is they didn't agree with but added the following:

- *'To avoid further protracting this matter for our customer, purely as a gesture of goodwill and with no admission of liability I'll agree to your Provisional Decision'. We reserve the right to respond in full should the customer seek further review.'*

S expressed dissatisfaction and included the following:

- Comments that:
  - It was necessary for him to provide the correspondence between his MP and HSBC
  - HSBC *'clearly show that they ignored her (his MP) emails on more than one occasion'*.
  - Correspondence shows his MP *'suggested a meeting to create a financial plan'* and *'this was also refused.'*

- Questions about:
  - Whether I had translated the MP correspondence
  - Whether he could obtain a transcript of the calls he had with HSBC including the August 2023 call which *'suggested move forward such as clearing the accounts made in August 2023'*. And x (HSBC representative) *'would get back to me in 6 months time?'*
  - Whether it is correct and acceptable for a business to *'ask people to agree to ways forward without being able to see Terms and Conditions first.'*

I'm sorry to hear that S found my provisional decision insulting and distressing. I do empathise with S's health issues and the difficult financial position of his business; however, I must approach this matter objectively.

Before considering everything again, I looked closely at S's above questions and comments.

Regarding his MP's correspondence, I translated the information supplied by S. I also requested more information from HSBC and, regarding the MP's request for a meeting to create a financial plan, considering the information on file, I thought the following response from HSBC on 17 October 2023 was fair and reasonable:

- *S's 'situation is complex and has been ongoing for some time. Most recently, S applied for an increase to his overdraft in July which was declined. He appealed the decision and, after reviewing his application, the lending appeal reached the same decision in August. S has spoken with our Financial Support team who have arranged for a Bounce Back Loan repayment break between Aug and Nov 23.'*

*S 'has financial difficulties and further lending is unlikely to be granted, so the specially trained Financial Support team are the most appropriate colleagues to assist him. I understand your requests for a face to face meeting in a branch nearby, but the Financial Support team are a telephony based team and not undertake face to face appointments.'*

Regarding the important call S said he had with the representative x at HSBC in August 2023, although our service hasn't been provided with either a transcript (S can request this from HSBC) or subsequent calls, I did listen to the August 2023 call recording which HSBC provided. Having listened to this call:

- I didn't find that HSBC made a promise to write off S's loan or overdraft.
- I did find the representative mentioned the pros and cons of a potential default solution. But this was communicated as something to try and avoid, discuss in the future and, importantly, at a point (which doesn't apply here) where the business was sold and there was no longer a requirement for S to either have a current account or credit.
- X arranged to speak further to S shortly after the call and there wasn't an agreed date to further discuss this potential default solution.

Regarding S's point about HSBC not providing him with terms and conditions relating to additional breathing space, although (for the reasons mentioned in my provisional decision) I still think HSBC should've moved quicker, I found this was a supportive measure and I think HSBC's following explanation and procedure is reasonable:

- *'We don't have anything specific to this scenario to provide you. Once the breathing space has been put in place, we will send out a letter confirming the agreement you've entered.'*

Also, I should add that as we aren't the regulator here, our service can't instruct a business on what procedures a business should put in place when giving a breathing space.

I then reviewed the file notes again. Having done so, for the reasons mentioned above and in my provisional decision:

- I still don't think HSBC treated S unfairly or unreasonably in not changing their lending decision or engaging in further discussion on matters they had already considered, determined and communicated.
- I still think HSBC's service should've been better when it became clear S was unwell, severely distressed and in a difficult and vulnerable position after they removed the overdraft uplift. And they should've given S a more urgent and personalised service.

I'm sorry to disappoint S but having considered everything again, including the responses to my provisional decision and compensation, my final decision is still to partially uphold this complaint and I require HSBC UK Bank Plc to pay S £300 compensation.

### **My final decision**

My final decision is I'm partially upholding this complaint and I require HSBC UK Bank Plc to:

- Pay S £300 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 1 February 2025.

Paul Douglas  
**Ombudsman**