

## **The complaint**

Mr A complains about the service he received from HSBC UK Bank Plc ("HSBC") when he tried to downgrade his credit card account.

## **What happened**

Mr A holds a credit card account with HSBC which is subject to an annual fee. The fee is applied to his account on the statement following the end of each membership year. Mr A's membership year runs to July, so the fee is applied to his account on the August statement. Mr A wanted to change to a different credit card, which doesn't have an annual fee. He called HSBC about this in mid-June. HSBC's agent said she would send Mr A a form to complete. She told him he would receive the new card within 12 working days of HSBC receiving the signed form back from him.

Mr A says he returned the completed form in the post but didn't hear anything further. He called HSBC again on 22 July to find out what was happening. The agent checked with the relevant team and called Mr A back. He said that Mr A had filed a request. But the agent said he'd been told to raise a request again so that it could be dealt with more quickly because it was stuck in the system for some reason. The agent said he was going to raise the request there and then.

Mr A wasn't happy about this. He said he'd made a lot of effort calling HSBC and sending in the form only for it to be stuck in the system. He said this fell short of his expectations and wasn't good customer service. He said the same thing had happened the previous year when he had tried to downgrade the account. He said he was happy to keep his existing account if HSBC would waive the impending fee. He said the downgrade wasn't going to happen now because HSBC had lost the form, but HSBC needed to do something to compensate him for the inconvenience. He said it should waive the fee or compensate him in some other way. He said he didn't want to waste any more time on the issue and asked the agent to raise a complaint.

HSBC responded to the complaint a few days later. It said that it hadn't received the completed form from Mr A and suggested it had become lost in the postal system. It offered to send Mr A another set of forms for him to complete. HSBC said it hadn't made a mistake, but it chose to uphold the complaint and paid Mr A £30 as compensation for the inconvenience he'd suffered.

Mr A wasn't happy with HSBC's response and asked this service to look at the complaint. In the meantime, HSBC had applied the annual fee to his account. Mr A said he didn't want to fill out further forms and that, even if he did, he wasn't confident they'd be received by HSBC. He said this issue had caused him great distress and taken up a lot of his time. He wanted HSBC to refund the fee and compensate him for the distress and inconvenience.

After the referral to this service, HSBC carried out further investigations. It confirmed that it hadn't received any completed forms from Mr A. So, it said its agent had been wrong to suggest that the request was being processed and was delayed. HSBC accepted that its service could have been better. It offered Mr A further compensation of £70, to bring the total

redress for the complaint to £100. Mr A didn't accept this offer. He said it didn't cover the annual card fee or provide adequate compensation for the stress he'd suffered or the time he'd spent trying to resolve the issue. He said that £1,500 would be an appropriate amount.

Our Investigator thought HSBC's offer of an additional £70 was fair and said that HSBC should pay it. She didn't ask it to do anything else. Mr A didn't agree, so the complaint has been passed to me to decide.

### **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.

The parties disagree as to whether HSBC received Mr A's completed form requesting the change to his account. Mr A says HSBC had the form because the agent told him so during the July call. HSBC says it didn't receive the form and doesn't know why the agent said what he did. I've listened to the relevant calls. I think it was implied from what the agent said that the form had been received. But, on the evidence available, I don't think HSBC had received the completed form. So, I don't think it was unreasonable that it hadn't downgraded the account by the time Mr A called on 22 July.

I can understand Mr A's frustration upon finding out that his request hadn't been processed. But, regardless of whether HSBC had received the form or not, the agent was offering to raise the request there and then, during the phone call. At that stage, the annual fee hadn't been applied to Mr A's account. It was applied on the August statement and was due for payment by September. So I find that, when Mr A called HSBC on 22 July, it wasn't too late for the account to be downgraded and the fee avoided.

Mr A says that HSBC didn't process his application in time and has suggested that it deliberately delayed in processing it so that he had to pay the fee. I haven't seen any evidence of that. I find that HSBC offered to take steps during the call which I think would have led to the account being downgraded. I find that the reason this didn't happen was because Mr A wasn't willing to go through the process. Doing so would perhaps have meant more time on the phone for Mr A, going over details which he had already provided. This would have been frustrating and inconvenient. But I think it would have achieved his aim of changing the account and avoiding the fee. So I would have expected Mr A to go through with it if those objectives were important to him.

When HSBC responded to Mr A's complaint, it offered to send him another set of forms to complete. It said he could return them by recorded delivery or take them to a branch. I think that was a reasonable suggestion and it provided another opportunity for Mr A to achieve his aim of downgrading the account. I think, given the timing of HSBC's letter, Mr A could still have avoided having to pay the fee if he'd completed a new form at that stage.

So, I don't think it was HSBC's fault that Mr A's account wasn't downgraded. And I think it acted reasonably in applying the annual account fee here. So I'm not going to ask it to refund the fee.

I haven't seen evidence of any mistakes by HSBC other than the agent's comments during the July calls which implied that Mr A's form had been received. These caused distress and confusion, particularly when they were contradicted by HSBC's subsequent response to the complaint. I think it's right that HSBC should pay some compensation to Mr A to reflect this. But I don't think the detriment caused by this mistake was significant, for the reasons I've outlined above. In the circumstances, I think £100 is a fair amount of compensation.

Mr A says he didn't receive the initial compensation of £30. I find that HSBC credited it to his bank account (not the credit card account) in July. So, I'm satisfied that this part of the compensation has already been paid. That leaves £70 to be paid, so I'm going to direct HSBC to do that.

### **My final decision**

HSBC UK Bank Plc has already offered to pay a further £70 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that HSBC UK Bank Plc should pay £70 to Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 February 2025.

Katy Kidd  
**Ombudsman**